



# ASSET MANAGEMENT

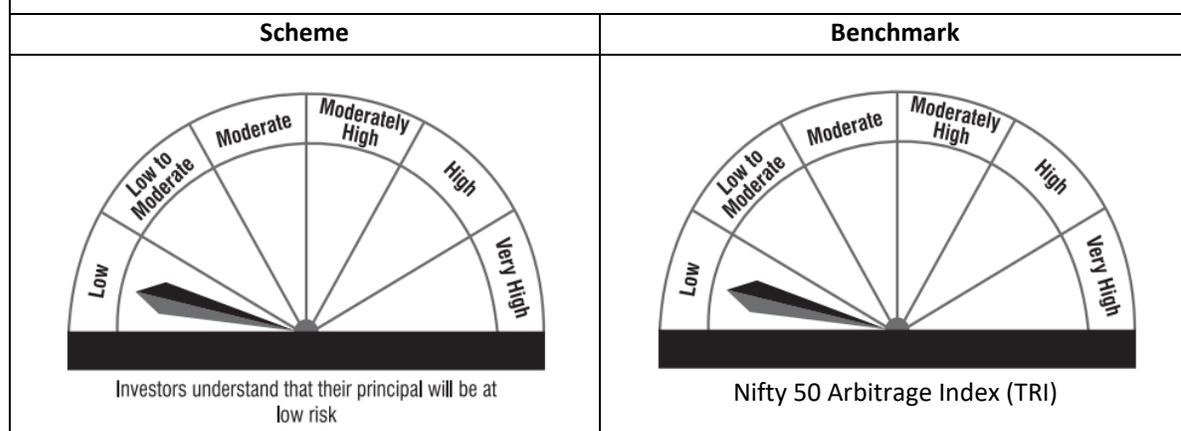
Scheme Information Document of  
**Bajaj Finserv Arbitrage Fund** (Consolidated Std. Obs. 1)  
 An open ended scheme investing in arbitrage opportunities

This product is suitable for investors who are seeking\*:

- Short term income generation
- income through arbitrage opportunities in the cash and derivatives segments of the equity markets

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

### Riskometer# (Consolidated Std. Obs. 3)



Offer of units of Rs. 10/- each (subject to applicable load) during the new fund offer and continuous offer or units at NAV based prices

New Fund Offer opening date:	September 08, 2023
New Fund Offer closing date:	September 13, 2023
Scheme re-opening date:	Within five business days of allotment date.

#The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made.

Name of Mutual Fund	Name of Asset Management Company	Name of Trustee Company
Bajaj Finserv Mutual Fund	Bajaj Finserv Asset Management Limited	Bajaj Finserv Mutual Fund Trustee Limited
Address: 8 <sup>th</sup> floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014	Address: S. No. 208/1B, Lohagaon, Viman Nagar, Pune – 411014 (registered office) 8 <sup>th</sup> floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014 (corporate office)	Address: S. No. 208/1B, Lohagaon, Viman Nagar, Pune – 411014 (registered office) 8 <sup>th</sup> floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014 (corporate office)
<a href="http://www.bajajamc.com">www.bajajamc.com</a>	<a href="http://www.bajajamc.com">www.bajajamc.com</a>	<a href="http://www.bajajamc.com">www.bajajamc.com</a>

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Bajaj Finserv Mutual Fund / Investor Service Centres / Website [www.bajajamc.com](http://www.bajajamc.com)/ Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Bajaj Finserv Mutual Fund, Tax and Legal issues and general information on [www.bajajamc.com](http://www.bajajamc.com) (website address).

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website [www.bajajamc.com](http://www.bajajamc.com)

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated August 14, 2023.

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## I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Scheme Name	Bajaj Finserv Arbitrage Fund (BFAF)
Scheme Code	BFAM/O/E/ARB/23/05/0005
Scheme Category	Arbitrage Fund
Scheme type	An open ended scheme investing in arbitrage opportunities
Investment Objective	<p>The investment objective of the Scheme is to seek to generate returns by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments.</p> <p>However, there is no assurance that the investment objective of the Scheme will be achieved. (Consolidated Std. Obs. 5)</p>
Liquidity	<p>The scheme is an open ended equity scheme. It will open for sale and repurchase/redemption of units within 5 business days from the date of allotment. Being an open ended scheme, the scheme is open for repurchase/redemption on all business days. Redemption proceeds shall be dispatched within three working days from the date of redemption request.</p>
Benchmark	Nifty 50 Arbitrage Index (TRI)
Transparency/NAV Disclosure	<p><u>NAV Disclosure:</u> (Consolidated Std. Obs. 40)</p> <p>NAV shall be calculated and disclosed on all business days except under special circumstances. NAV shall be disclosed on AMC website (<a href="http://www.bajajamc.com">www.bajajamc.com</a>) and on AMFI website (<a href="http://www.amfiindia.com">www.amfiindia.com</a>). NAV shall be available on all centers for acceptance of transactions. NAV shall also be available on Toll Free numbers i.e. 18003093900.</p> <p style="text-align: right;">(Consolidated Std. Obs. 41)</p> <p>NAV will be calculated upto three decimal places and shall be disclosed before 11.00 p.m. on all business days. In case NAV is not uploaded within the stipulated timing of 11.00 p.m. on any business day, explanation shall be provided to AMFI for non adherence of time limit. If the NAV is not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons for the delay and explaining when the Mutual Fund would be able to publish the NAV.</p> <p>The first NAV shall be calculated and disclosed within 5 business days of allotment.</p> <p><u>Portfolio Disclosure:</u></p> <p>Portfolio shall be disclosed as on last day of the month/half year within 10 days from the end of month/half year. Portfolio shall be disclosed on AMC website <a href="http://www.bajajamc.com">www.bajajamc.com</a> and on AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a>. Portfolio shall be disclosed in a user-friendly and downloadable spreadsheet format. Portfolio shall also be sent by e-mail to all unitholders by the AMC/Mutual Fund. The Mutual Fund shall publish an advertisement disclosing uploading of half year scheme portfolio on its website, in one English daily newspaper and in one Hindi daily newspaper having nationwide circulation. Physical copy of the scheme portfolio shall be provided to unitholders on receipt of specific request from the unitholder, without charging any cost.</p>

Std. obs. 9

Std. obs. 17(a)

	<p><u>Unaudited financial results:</u></p> <p>Within one month from the end of each half year, the AMC/MF shall upload scheme unaudited financial results. The AMC shall also publish an advertisement stating that unaudited financial results have been uploaded on its website in one English daily newspaper having nationwide circulation and in one regional newspaper having circulation in the region where the head office of the AMC/Mutual Fund is situated.</p>
<p>Loads</p> <p>Std. obs. 16</p> <p>(Consolidated Std. Obs. 47)</p>	<p>Entry load – not applicable</p> <p>Exit load – 0.25% of applicable NAV if redeemed/switched out within 15 days from the date of allotment. Nil if redeemed/switched out after 15 days from the date of allotment.</p> <p>The Scheme will not levy exit load in case the timelines for rebalancing portfolio as stated in SEBI Circular dated March 30, 2022 is not complied with.</p>
<p>Minimum Application amount</p>	<p><b>During NFO:</b></p> <p>Minimum application amount (lumpsum) - Rs. 500 and in multiples of Re. 1.</p> <p>Systematic Investment Plan (SIP):</p> <ul style="list-style-type: none"> <li>• From Rs. 500 upto Rs. 1,000: minimum 60 instalments.</li> <li>• Above Rs. 1,000: minimum 6 instalments.</li> </ul> <p><b>During ongoing offer:</b></p> <p>Fresh subscription - Rs. 500/- and in multiples of Re. 1/-</p> <p>Minimum additional application amount – Rs. 100/- and in multiples of Re. 1/-</p> <p>Systematic Investment Plan (SIP):</p> <ul style="list-style-type: none"> <li>• From Rs. 500 upto Rs. 1,000: minimum 60 instalments.</li> <li>• Above Rs. 1,000: minimum 6 instalments.</li> </ul> <p>Minimum amount for switch-in – Rs. 500 and in multiples of Re. 1.</p> <p>Two-Factor Authentication will be applicable for subscription as well as redemption transactions in the units of Mutual Fund.</p> <p>For more information, please refer SAI.</p>
<p>Minimum redemption / switch-out amount</p>	<p>Rs. 500 and in multiples of Re. 0.01/- or the account balance of the investor whichever is less</p>
<p>Fund Manager</p>	<p>Mr. Nimesh Chandan (Equity portion)</p> <p>Mr. Siddharth Chaudhary (Debt portion)</p>
<p>Plans/Options/Sub-options</p>	<p><u>Plans</u></p> <p>Bajaj Finserv Arbitrage Fund – Direct Plan</p> <p>Bajaj Finserv Arbitrage Fund – Regular Plan</p> <p><u>Options</u></p> <p>Growth Option</p> <p>Income Distribution cum Capital Withdrawal (IDCW) option with Payout of Income Distribution cum Capital Withdrawal sub-option, Reinvestment of Income Distribution cum Capital Withdrawal sub-option and Transfer of Income Distribution cum Capital Withdrawal sub-option.</p>

	The Scheme will have a common portfolio across various Plans/Options/Sub-options. Investors are requested to note that Growth and IDCW Option (Payout, Reinvestment and Transfer) under Regular and Direct Plans will have different NAVs. These NAVs will be separately declared.																																				
Default Plan/Option/Sub-option	<p>Default Plan would be as mentioned below:</p> <table border="1"> <thead> <tr> <th>ARN mentioned/not mentioned by investor</th> <th>Code mentioned by investor</th> <th>Plan mentioned by investor</th> <th>Default Plan</th> </tr> </thead> <tbody> <tr> <td>Not mentioned</td> <td></td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td>Not mentioned</td> <td></td> <td>Direct Plan</td> <td>Direct Plan</td> </tr> <tr> <td>Not mentioned</td> <td></td> <td>Regular Plan</td> <td>Direct Plan</td> </tr> <tr> <td>Mentioned</td> <td></td> <td>Direct Plan</td> <td>Direct Plan</td> </tr> <tr> <td>Direct</td> <td></td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td>Direct</td> <td></td> <td>Regular Plan</td> <td>Direct Plan</td> </tr> <tr> <td>Mentioned</td> <td></td> <td>Regular Plan</td> <td>Regular Plan</td> </tr> <tr> <td>Mentioned</td> <td></td> <td>Not mentioned</td> <td>Regular Plan</td> </tr> </tbody> </table> <p>In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Direct Plan. The AMC shall endeavour on best efforts basis to obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor. In case the correct code is received within 30 calendar days, the AMC shall reprocess the transaction under Regular Plan from the date of application without any exit load.</p> <p>Bajaj Finserv Arbitrage Fund - Direct Plan is only for investors who purchase /subscribe units in a Scheme directly with the Fund.</p> <p>Default option will be Growth Option.</p> <p>Default sub-option will be Reinvestment of Income Distribution cum capital withdrawal sub-option.</p>	ARN mentioned/not mentioned by investor	Code mentioned by investor	Plan mentioned by investor	Default Plan	Not mentioned		Not mentioned	Direct Plan	Not mentioned		Direct Plan	Direct Plan	Not mentioned		Regular Plan	Direct Plan	Mentioned		Direct Plan	Direct Plan	Direct		Not mentioned	Direct Plan	Direct		Regular Plan	Direct Plan	Mentioned		Regular Plan	Regular Plan	Mentioned		Not mentioned	Regular Plan
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Scheme re-opens for ongoing sale and repurchase on	Within five business days of allotment date. The allotment date will be within five business days from the closure of the NFO.																																				
NFO period	NFO shall remain open for subscription for minimum period of three (3) working days but not more than fifteen (15) calendar days.																																				

## II. RISK FACTORS

Std. obs. 2

(Consolidated Std. Obs. 8)

### A. Standard Risk Factors

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- Bajaj Finserv Arbitrage Fund is only the name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs. 1,00,000 made by it towards setting up the Fund.
- The present scheme is the first scheme being launched under its management.
- The present scheme is not a guaranteed or assured return scheme.

### B. Scheme Specific Risk Factors

#### 1. Risks associated with investing in equities:

- Investors may note that AMC/Fund Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio.
- The value of the Scheme's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units of the Scheme may fluctuate and can go up or down.
- The Mutual Fund may not be able to sell securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to be collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by scheme. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the scheme may be adversely affected due to such factors.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The liquidity of the Scheme's investments is inherently restricted by trading volumes in the securities in which it invests.

- Fund manager endeavors to generate returns based on certain past statistical trend. The performance of the scheme may get affected if there is a change in the said trend. There can be no assurance that such historical trends would continue.
- In case of abnormal circumstances, it will be difficult to complete the square off transaction due to liquidity being poor in stock futures/spot market. However, the scheme will aim to take exposure only into liquid stocks where there will be minimal risk to square off the transaction.
- Changes in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme or business prospects of the Company in any particular sector.
- Investments in equity and equity related securities involve a certain degree of risk and Investors should not invest in the equity scheme unless they can afford to take the risk of losing their investment.

## 2. Risks associated with investing in fixed income:

- **Market Risk:** The NAV of the scheme, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- **Liquidity Risk:** Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the scheme and may lead to the scheme incurring losses till the security is finally sold. The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.
- **Price Risk:** Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. This risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- **Settlement risk:** The inability of the scheme to make intended securities purchases due to settlement problems could cause the scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the scheme's portfolio due to the extraneous factors that may impact liquidity would result, at times, in potential losses in case of a subsequent decline in the value of securities held in the scheme's portfolio.
- **Regulatory Risk:** Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme.
- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Credit Risk:** Investments in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.
- **Risks associated with investment in unlisted securities:** Subject to applicable Regulations, the scheme can invest in unlisted securities. These securities are subject to greater price fluctuations, less liquidity and greater risk than the listed securities. Except for any security of an associate or group company, the scheme has the power to invest in securities which are not listed on a stock exchange ("unlisted Securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market

and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.

- Different types of fixed income securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds, which are AA rated. AA rated corporate bonds are comparatively less risky when compared with A rated corporate bonds.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.
- As zero coupon securities does not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.
- The scheme at times may receive large number of redemption requests leading to an asset-liability mismatch and therefore requiring the AMC to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- Basis Risk: Basis risk arises due to a difference in the price movement of the derivative vis-à-vis that of the security being hedged.
- Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security, this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- Counterparty Risk: This is the risk of failure of counterparty to a transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the Scheme in case of a counterparty default.
- Duration Risk: Duration risk refers to the movement in price of the underlying invested money market / debt instruments due to movement/change in interest rates over different durations of maturity of instruments. In a portfolio of debt assets, the duration risk is measured by the average duration of the portfolio. Duration, expressed in years, is used as a measure of the sensitivity of the fixed income instrument to a change in interest rates. Usually, individual duration of fixed income instruments in the portfolio is calculated and the portfolio duration is weighted average of such individual instrument duration. A longer portfolio duration is associated with greater price fluctuations. A rise in interest rates could normally lead to decrease in prices and generally negatively affects portfolios having longer duration vis-a-vis portfolios having shorter duration. A fall in interest rate generally benefits portfolio having longer duration. A longer duration portfolio is also generally associated with greater volatility vis-a-vis a shorter duration portfolio.
- Sovereign Risk: Sovereign risk is the likelihood that a Government will default on its loan obligation by failing to meet its principal payments or interest. It comes in different forms and may result in losses to investors in addition to negative political consequences. The Central Government of a country is the issuer of the local currency in that country. The Government (Central / State) raises money to meet its capital and revenue expenditure by issuing debt or discounted securities. Since payment of interest and principal amount has a sovereign status implying no default, such securities are known as securities with sovereign credit. For domestic borrowers and lenders, the credit risk on such sovereign credit is minimal, even lower than a security with "AAA" rating and hence commands a yield, which is lower than a yield on "AAA" security.

3. Risks associated with investing in foreign securities: Std. obs. 3

(Consolidated Std. Obs. 11)

It is AMC's belief that the investment in ADRs/GDRs/overseas securities / Overseas ETFs offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objective of the scheme. Since the scheme would invest only partially in ADRs/GDRs/overseas securities/ Overseas ETFs, there may not be readily available and widely accepted benchmarks to measure performance of the scheme. To manage risks associated with foreign currency and interest rate exposure, the scheme may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/RBI from time to time.

To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of the other restrictions on investment.

Offshore investments will be made subject to any/all approvals, conditions thereof as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the scheme in excess of the ceiling on expenses prescribed by and consistent with costs and expenses attendant to international investing. The scheme may, where necessary, appoint other intermediaries of repute as advisors, custodian/sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs, and overseas regulatory costs.

Keeping in mind the investment limit in foreign securities currently applicable to Mutual Fund under SEBI's Circulars SEBI/IMD/CIR No. 7/104753/07 dated September 26, 2007, SEBI/IMD/CIR No.2/122577/08 dated April 8, 2008, SEBI/HO/IMD/DF3/CIR/P/2020/225 dated November 5, 2020 and SEBI/HO/IMD/IMDII/DOF3/P/CIR/2021/571 dated June 03, 2021, if overall limit for the Mutual Fund in overseas securities reaches USD 1 billion or the overall limit for Mutual Fund Industry in overseas securities reaches USD 7 billion, then Mutual Fund will not be able to invest in overseas securities / will not be able to do incremental overseas investment, unless such limit is increased or further directions is received from SEBI or RBI in this regard. It may be noted that the cap of USD 1 billion will be monitored and enforced at the Mutual Fund level and not at the individual scheme level.

4. Risks associated with investing in derivatives: Std. obs. 5

(Consolidated Std. Obs. 28)

The scheme may use various derivative products as permitted by the Regulations. Use of derivatives requires an understanding of not only the underlying instrument but also of the derivative itself. Other risks include the risk of mis-pricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

The scheme may use derivatives instruments like Stock /Index Futures or other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the scheme to certain risks inherent to such derivatives. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve

uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. Derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.

The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments. The specific risk factors arising out of a derivative strategy used by the Fund Manager may be as below:

- Lack of opportunity available in the market.
- Valuation Risk: The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.
- Basis Risk: This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying asset being hedged.
- Stock Exchanges could increase the initial margin, variation margin or other forms of margin on derivative contracts, impose one sided margins or insist that margins be placed in cash. All of these might force positions to be unwound at a loss and might materially impact returns.
- Operational / Systemic Risk: This is the risk arising due to failure of operational processes followed by the exchanges and Over The Counter (OTC) participants for the derivatives trading.
- Exposure Risk: An exposure to derivatives in excess of the hedging requirements can lead to losses. An exposure to derivatives can also limit the profits from a plain investment transaction.
- Implied Volatility: The estimated volatility of an underlying security's price and derivatives price.
- Systemic Risk: The risk inherent in the capital market due to macro-economic factors like Inflation, GDP, Global events.
- Counterparty Risk: Counterparty risk is the risk that losses will be incurred due to the default by the counterparty for OTC derivatives.
- Credit Risk: The Credit Risk is the risk that the counter party will default in its obligations and is generally small as in a derivative transaction there is generally no exchange of the principal amount.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

##### 5. Risk factors associated with investing in Preference Shares

**Credit Risk** - Investments in Preference Shares are subject to the risk of an issuer's inability to meet IDCW and redemption by the issuer. Further, for non-cumulative preference shares, issuer also has an option to not pay IDCW on preference shares in case of inadequate profits in any year.

**Liquidity Risk** - Preference shares lack a well-developed secondary market, which may restrict the selling ability of the Scheme(s) and may lead to the Scheme(s) incurring losses till the security is finally sold.

**Unsecured in nature** - Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus, there is significant risk of capital erosion in case the company goes into liquidation.

**Market Risk** – The schemes will be vulnerable to movements in the prices of securities invested by the schemes which could have a material bearing on the overall returns from the schemes.

6. Risks associated with investing in securitised debt:

The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). Asset Backed Securities (ABS) are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. Mortgage backed securities (MBS) are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties. ABS/MBS instruments reflect the undivided interest in the underlying pool of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS/MBS holders will suffer credit losses. ABS/MBS are also normally exposed to a higher level of reinvestment risk as compared to the normal corporate or sovereign debt.

Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Accordingly, the scheme's risk may increase or decrease depending upon its investments in Securitised Debts. e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with Recourse will have a lower Credit Risk than a Bond without Recourse. Underlying Assets in Securitised Debt may be the Receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (PAC), Principal Only Class Tranches (PO) and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cashflows that the investor receives in the securitised paper.

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the

amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

At present in Indian market, following types of loans are securitised:

- Auto Loans (cars / commercial vehicles /two wheelers)
- Residential Mortgages or Housing Loans
- Consumer Durable Loans
- Personal Loans
- Corporates Loans

The main risks pertaining to each of the asset classes above are described below:

- Auto Loans (cars / commercial vehicles /two wheelers)

The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed. These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclicity in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

- Housing Loans

Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower class. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus, the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

- Consumer Durable Loans

The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult. The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

- Personal Loans

These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money. Further, all the above categories of loans have the following common risks:

All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.

In India, there is insufficiency of ready comprehensive and complete database regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record. In retail loans, the risks due to frauds are high.

- Corporate Loans

These are loans given to single or multiple corporates. The receivables from a pool of loans to corporate are assigned to a trust that issues Pass Through Certificates (PTC) in turn. The credit risk in such PTCs is on the underlying pool of loans to corporates. The credit risk of the underlying loans to the corporates would in turn depend on economic cycles.

The rating agencies define margins, over collateralization and guarantees to bring risk in line with similar AAA rated securities. The factors typically analyzed for any pool are as follows:

a. Assets securitized and Size of the loan: This indicates the kind of assets financed with the loan and the average ticket size of the loan. A very low ticket size might mean more costs in originating and servicing of the assets.

b. Diversification: Diversification across geographical boundaries and ticket sizes might result in lower delinquency.

c. Loan to Value Ratio: Indicates how much % value of the asset is financed by borrower's own equity. The lower this value the better it is. This suggests that where the borrowers own contribution of the asset cost is high; the chances of default are lower.

d. Average seasoning of the pool: This indicates whether borrowers have already displayed repayment discipline. The higher the number, the more superior it is. The other main risks pertaining to Securitized debt are as follows:

- Prepayment Risk: This arises when the borrower pays off the loan sooner than expected. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of ABSs. However, there is some prepayment risk even if interest rates rise, such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold.

- Reinvestment Risk: Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal can only be reinvested at a lower rate.

7. Risks associated with short selling and securities lending:

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Purchasing a security entails the risk of the security price going down. Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. Short selling is subject to risks related to fluctuations in market price, and settlement/liquidity risks. If required by the Regulations, short selling may entail margin money to be deposited with the clearing house and daily mark to market of the prices and margins. This may impact fund pricing and may induce liquidity risks if the fund is not able to provide adequate margins to the clearing house. Failure to meet margin requirements may result in penalties being imposed by the exchanges and clearing house.

Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. The risks in lending portfolio securities, as with other

extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity and in turn cannot protect from the falling market price of the said security.

#### 8. Risks associated with segregated portfolio

- Liquidity risk – A segregated portfolio is created when a credit event / default occurs at an issuer level in the scheme. This may reduce the liquidity of the security issued by the said issuer, as demand for this security may reduce. This is also further accentuated by the lack of secondary market liquidity for corporate papers in India. As per SEBI norms, the scheme is to be closed for redemption and subscriptions until the segregated portfolio is created, running the risk of investors being unable to redeem their investments. However, it may be noted that, the proposed segregated portfolio is required to be formed within one day from the occurrence of the credit event.

Investors may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall list the units of the segregated portfolio on a recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests. For the units listed on the exchange, it is possible that the market price at which the units are traded may be at a discount to the NAV of such Units. There is no assurance that an active secondary market will develop for units of segregated portfolio listed on the stock exchange. This could limit the ability of the investors to resell them. There may be possibility that the security comprising the segregated portfolio may not realize any value.

- Valuation risk - The valuation of the securities in the segregated portfolio is required to be carried out in line with the applicable SEBI guidelines. However, it may be difficult to ascertain the fair value of the securities due to absence of an active secondary market and difficulty to price in qualitative factors.

#### 9. Risks associated with Securities Lending & Borrowing (SLB)

Securities lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed.

The risks in security lending consist of the failure of intermediary / counterparty, to comply with the terms of agreement entered into between the lender of securities i.e. the scheme and the intermediary / counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The scheme may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

## 10. Risks associated with Repo Transactions in Corporate Debt Securities

### Lending transactions:

The scheme may be exposed to counter party risk in case of repo lending transactions in the event of the counterparty failing to honour the repurchase agreement. However, in repo lending transactions, the collateral may be sold and a loss is realized only if the sale price is less than the repo amount. The risk may be further mitigated through over-collateralization (the value of the collateral being more than the repo amount). Further, the liquidation of underlying securities in case of counterparty default would depend on liquidity of the securities and market conditions at that time. It is endeavoured to mitigate the risk by following an appropriate counterparty selection process, which include their credit profile evaluation and over-collateralization to cushion the impact of market risk on sale of underlying security.

Collateral risk also arises when the market value of the securities is inadequate to meet the repo obligations or there is downward migration in rating of collateral. Further if the rating of collateral goes below the minimum required rating during the term of repo or collateral becomes ineligible for any reason, counterparty will be expected to substitute the collateral. In case of failure to do so, the AMC / Scheme will explore the option for early termination of the trade.

### Borrowing transactions:

In the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin). This risk is normally mitigated by better cash flow planning to take care of such repayments. Further, there is also a Credit Risk that the Counterparty may fail to return the security or Interest received on due date. It is endeavoured to mitigate the risk by following an appropriate counterparty selection process, which include their credit profile evaluation.

## 11. Risk associated with Interest Rate Future (IRF):

An Interest Rate Futures is an agreement to buy or sell a debt instruments at a specified future date at a price that is fixed today. Interest Rate Futures are Exchange Traded and are cash settled. Hedging using Interest Rate Futures can be perfect or imperfect. Perfect hedging means hedging the underlying using IRF contract of same underlying.

- a) Market risk: Derivatives carry the risk of adverse changes in the market price.
- b) Price Risk- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- c) Liquidity risk – This occurs where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- d) Model Risk - The risk of mispricing or improper valuation of derivatives.
- e) Basis Risk – This risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged. The risks may be inter-related also; for e.g. interest rate movements can affect equity prices, which could influence specific issuer/industry assets. Correlation weakening and consequent risk of regulatory breach: SEBI Regulations mandates minimum correlation criterion of 0.9 (calculated on a 90-day basis) between the portfolio being hedged and the derivative instrument used for hedging. In cases where the correlation falls below 0.9, a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement to restore the correlation level to the stipulated level, within the stipulated period, due to difficulties in rebalancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value.

#### 12. Risks associated with investing in Tri-party Repo (TREPS) through CCIL

The Mutual Fund is a member of securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India Limited (CCIL). All transactions of the Mutual Fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL). CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The Mutual Fund is exposed to the extent of its contribution to the default fund of CCIL at any given point in time i.e. in the event that the default waterfall is triggered and the contribution of the Mutual Fund is called upon to absorb settlement/default losses of another member by CCIL, the Scheme may lose an amount equivalent to its contribution to the default fund. Further, it may be noted that CCIL periodically prescribes a list of securities eligible for contributions as collateral by members. Presently, all Central Government securities and Treasury bills are accepted as collateral by CCIL. The risk factors may undergo change in case the CCIL notifies securities other than Government of India securities as eligible for contribution as collateral.

#### 13. Performance Risk:

Performance risk refers to the risk of a scheme being unable to generate returns matching / above the returns of the scheme's benchmark. It would also mean the scheme underperforming against its peer set of other mutual fund schemes having similar portfolios, scheme classification, objective, benchmark and asset allocation. These risks could arise due to a variety of market and economic activities, government policies, global economic changes, currency fluctuations, tax policies, political changes, corporate actions and investors' behaviour.

#### 14. Risks associated with 'Right to limit redemptions'

Subject to the approval of Board of Directors of the AMC and Trustee Company and immediate intimation to SEBI, a restriction on redemptions may be imposed by the Scheme under certain exceptional circumstances, which the AMC / Trustee believe that may lead to a systemic crisis or event that constrict liquidity of most securities or the efficient functioning of markets. Please refer to the paragraph "Right to Limit Redemptions" for further details including the procedure to be followed while imposing restriction on redemptions.

#### 15. Risks Factors associated with transaction in Units through stock exchange(s)

In respect of transaction in units of the Scheme through stock exchange platform(s), allotment and redemption of Units on any Business Day will depend upon the order processing / settlement by the stock exchange(s) and their respective clearing corporations on which the Fund has no control.

#### **RISK MANAGEMENT STRATEGIES** (Consolidated Std. Obs. 9)

The Fund by utilizing a holistic risk management strategy will endeavor to manage risks associated with investing in debt and equity markets. The risk control process involves identifying & measuring the risk through various risk measurement tools.

The Fund has identified following risks of investing in equity and debt and designed risk management strategies, which are embedded in the investment process to manage such risks.

### Risk associated with Debt Investment

Risk Description	Risk Mitigants/management strategy
<p><b>Market Risk</b> As with all debt securities, changes in interest rates may affect the scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.</p>	<p>In a rising interest rates scenario, the Fund Manager will endeavor to increase investment in money market securities whereas if the interest rates are expected to fall, the allocation to debt securities with longer maturity will be increased thereby mitigating risk to that extent.</p>
<p><b>Liquidity or Marketability Risk</b> This refers to the ease with which a security can be sold at or near to its valuation Yield-To-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.</p>	<p>The scheme may invest in government securities, corporate bonds and money market instruments. While the liquidity risk for government securities, money market instruments and short maturity corporate bonds may be low, it may be high in case of medium to long maturity corporate bonds. Liquidity risk is today characteristic of the Indian fixed income market. The fund will however, endeavor to minimise liquidity risk by investing in securities having a liquid market.</p>
<p><b>Credit Risk</b> Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.</p>	<p>A traditional SWOT analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk, a detailed assessment of the issuer's financial statements will be undertaken to review its ability to undergo stress on cash flows and asset quality. A detailed evaluation of accounting policies, off balance sheet exposures, notes, auditors' comments and disclosure standards will also be made to assess the overall financial risk of the potential borrower. In case of securitized debt instruments, the fund will ensure that these instruments are sufficiently backed by assets.</p>
<p><b>Reinvestment Risk</b> This risk refers to the interest rate levels at which cash flows received from the securities in the scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.</p>	<p>Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value.</p>
<p><b>Derivatives Risk</b> As and when the scheme trades in the derivatives market, there are risk factors and issues</p>	<p>The fund has provision for using derivative instruments for portfolio balancing and hedging purposes. Interest Rate Swaps will be done with</p>

<p>concerning the use of derivatives that Investors should understand. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.</p>	<p>approved counter parties under pre approved ISDA agreements. Mark to Market of swaps, netting off of cash flow and default provision clauses will be provided as per international best practice on a reciprocal basis. Interest rate swaps and other derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines.</p>
<p><b>Currency Risk</b> The Scheme may invest in Foreign Securities as permitted by the concerned regulatory authorities in India. Since the assets may be invested in securities denominated in foreign currency, the INR equivalent of the net assets, distributions and income may be adversely affected by changes / fluctuations in the value of the foreign currencies relative to the INR.</p>	<p>The scheme subject to applicable regulations shall have the option to enter into forward contracts for the purposes of hedging against the foreign exchange fluctuations. The Schemes may employ various measures (as permitted by SEBI/RBI) including but not restricted to currency hedging (such as currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), to manage foreign exchange movements arising out of investment in foreign securities.</p>

#### Risks associated with Equity investment

<b>Risk Description</b>	<b>Risk Mitigants/management strategy</b>
<p><b>Market Risk</b> The scheme is vulnerable to movements in the prices of securities invested by the scheme, which could have a material bearing on the overall returns from the scheme. The value of the scheme’s investments, may be affected generally by factors affecting securities markets, such as price and volume, volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.</p>	<p>Market risk is a risk which is inherent to an equity scheme. The scheme may use derivatives for hedging purpose.</p>

Risk Description	Risk Mitigants/management strategy
<p><b>Liquidity risk</b> The liquidity of the scheme's investments is inherently restricted by trading volumes in the securities in which it invests.</p>	<p>The fund seeks to control such risk by investing in such stocks having strong fundamentals, sound financial strength and superior quality of management and highly liquid papers. The fund will try to maintain a proper asset-liability match to ensure redemption payments are made on time and not affected by illiquidity of the underlying stocks.</p>
<p><b>Derivatives Risk</b> As and when the scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that Investors should understand. Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.</p>	<p>The fund has provision for using derivative instruments for portfolio balancing and hedging purposes. Investments in derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines. The fund will endeavor to maintain adequate controls to monitor the derivatives transactions entered into.</p>
<p><b>Liquidity Risk</b> In case of Arbitrage trades, under abnormal circumstances it will be difficult to square off the transaction due to liquidity being poor in the underlying stock, stock futures or options market.</p>	<p>The fund will aim at taking exposure only into liquid stocks / derivatives where there will be minimal risk to square off the transaction.</p>
<p><b>Currency Risk</b> The Scheme may invest in Foreign Securities as permitted by the concerned regulatory authorities in India. Since the assets may be invested in securities denominated in foreign currency, the INR equivalent of the net assets, distributions and income may be adversely affected by changes / fluctuations in the value of the foreign currencies relative to the INR.</p>	<p>The scheme subject to applicable regulations shall have the option to enter into forward contracts for the purposes of hedging against the foreign exchange fluctuations. The Schemes may employ various measures (as permitted by SEBI/RBI) including but not restricted to currency hedging (such as currency options and forward currency exchange contracts, currency futures, written call options and purchased put options on currencies and currency swaps), to manage foreign exchange movements arising out of investment in foreign securities.</p>

### III. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

### IV. SPECIAL CONSIDERATIONS, IF ANY

Investors are requested to study the terms of this Scheme Information Document (SID) and Statement of Additional Information (SAI) of Bajaj Finserv Mutual Fund carefully before investing in this scheme and to retain the SID and SAI for future reference. Investors are advised to consult their Legal /Tax and other Professional Advisors in regard to tax/legal implications relating to their investments in the Scheme and before making decision to invest in or redeem the Units. The tax information contained in this SID and SAI of Bajaj Finserv Mutual Fund alone may not be sufficient and should not be used for the development or implementation of an investment strategy or construed as investment advice. Investors alone shall be fully responsible/ liable for any investment decision taken on the basis of this document.

Investors are advised to rely upon only such information and/or representations as contained in this SID. Any subscription or redemption made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the Investor. The Investor is required to confirm the credentials of the individual/firm he/she is entrusting his/her application form along with payment instructions for any transaction in this Scheme. The Mutual Fund/ Trustee/AMC shall not be responsible for any acts done by the intermediaries representing or purportedly representing such Investor.

Mutual Fund investments are subject to market risks and the Investors should review/study this SID, the SAI and the addenda thereto issued from time to time carefully in its entirety before investing and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation or financial/investment matters. There can be no assurance or guarantee that the Scheme objectives will be achieved and the investment decisions made by the AMC may not always be profitable.

Neither this SID nor the SAI of Bajaj Finserv Mutual Fund, nor the units of the scheme have been registered in any jurisdiction. The distribution of this SID and SAI of Bajaj Finserv Mutual Fund in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID and the SAI of Bajaj Finserv Mutual Fund in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and

such application form could lawfully be used without compliance of any registration or other legal requirements.

Investors may note that AMC/Fund Manager's investment decisions may not be always profitable or prove to be correct. Various factors in securities market not only affect the prices of securities but may also affect the time taken by the Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. In the event of restructuring of the Scheme's portfolio, the time taken by the Scheme for redemption of Units may become significant. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, the Trustee has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. Please refer to Section titled "Units and Offer". The liquidity of the Scheme's investments may be restricted by trading volumes, settlement periods and transfer procedures.

The Scheme may also invest in overseas financial assets as permitted under the applicable regulations. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

The tax benefits described in this SID are as available under the present taxation laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the law and practice in force in India and the Unitholders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unitholder is advised to consult his/ her own professional tax advisor.

No person has been authorised to give any information or to make any representations not confirmed in this SID in connection with the SID or the issue of Units, and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund or the Asset Management Company.

The Mutual Fund may disclose details of the investor's account and transactions thereunder to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Schemes are wound up for the reasons and in the manner provided in SAI.

The AMC may freeze/lock the folio(s) of unitholder(s) for further transactions or reject any applications for subscription or redemption of units pursuant to receipt of orders/instructions/directions issued by any Governmental, judicial, quasi-judicial or other similar authority, including orders restricting the unitholder(s) from dealing in securities or for attachment of units held by such unitholder(s).

## V. DEFINITIONS

Asset Management Company (AMC)	Bajaj Finserv Asset Management Limited, incorporated under the Companies Act, 2013 and regulated by SEBI to act as an Investment Manager for schemes of Bajaj Finserv Mutual Fund.
Applicable NAV	Applicable NAV is the Net Asset Value for the day on which the subscription or redemption or switch is undertaken by the Investor and determined by Bajaj Finserv Mutual Fund. It is the NAV that is applicable to the investor in respect of applications received on a Business Day at the Official Point of Acceptance of Transactions.
ARN Code	Distributor Code which the Distributor receives from AMFI.
Business Day	<p>A day other than:</p> <ol style="list-style-type: none"> <li>Saturday or Sunday</li> <li>a day on which the Reserve Bank of India and Banks in Mumbai are closed for business or clearing</li> <li>a day on which there is no RBI clearing / settlement of securities</li> <li>a day on which the Stock Exchange, Mumbai and National Stock Exchange are closed</li> <li>a day on which the Redemption of Units is suspended by the Trustee / AMC</li> <li>a day on which normal business could not be transacted due to storms, floods, other natural calamities, bandhs, strikes or such other events or as the AMC may specify from time to time.</li> </ol> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all locations and/or Official points of acceptance of transactions.</p>
Cash Equivalent (Consolidated Std. Obs. 14)	<p>Cash equivalent shall consist of the following securities having residual maturity of less than 91 days:</p> <ol style="list-style-type: none"> <li>Government Securities;</li> <li>T-Bills;</li> <li>Repo on Government Securities.</li> </ol>
Continuous Offer	Offer of units of the scheme for subscription on an ongoing basis after the closure of New Fund Offer.
Consolidated Account Statement (CAS)	CAS is a single/combined account statement which shows details of all transactions made by an investor during a month across all mutual funds. It shows all details pertaining to subscription, redemption, switches, payout of Income Distribution cum Capital Withdrawal option (IDCW), reinvestment of IDCW, Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP) etc. along with transaction charges incurred, if any.
Custodian	Deutsche Bank A. G. acting as the custodian to the scheme or any other Custodian as may be appointed by the Trustees of the Mutual Fund.
Cut-off time	Timing stated in the SID before which an investor can submit application for subscription alongwith investment amount which is realised before cut-off time, redemption request to receive the NAV for that business day.
Distributor	Person/Firm/Company/Corporate fulfilling the criteria laid down by SEBI/AMFI and empanelled by the AMC to sell/distribute the scheme(s) of Bajaj Finserv Mutual Fund.
Derivative	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
Equity related instruments	This includes equity derivatives, convertible preference shares, convertible debentures, warrants carrying the right to obtain equity shares and such other instrument as may be specified by the SEBI from time to time.

Exit load	A charge that is levied as a percentage of NAV for exiting the scheme before a specified period.
FPI	Foreign Portfolio Investors registered under SEBI (Foreign Portfolio Investors) Regulations, 2019.
Fixed Income Securities	Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, Public Sector Undertaking, Private Sector companies/enterprises, Financial Institutions, Bodies Corporate, Unincorporated SPVs and any other entities which may be recognised/permitted, which yield at fixed or variable rate by way of interest, premium, discount or a combination of any of them.
Government Securities	A security created and issued by the Central Government or a State Government for the purpose of raising a public loan or for any other purpose as may be notified by the concerned Government in the Official Gazette and having one of the forms mentioned in section 3 of Government Securities Act, 2006 and includes Treasury Bills, Cash Management Bills, State Development Loans and UDAY Bonds.
Investment Management Agreement	The Agreement dated 11 <sup>th</sup> February 2022 executed between Bajaj Finserv Mutual Fund Trustee Limited and Bajaj Finserv Asset Management Limited as amended from time to time.
Investment Adviser	Any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons of group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.
Load	A charge that may be levied as a percentage of NAV at the time of exiting from the Scheme.
Money Market Instruments	Money Market Instruments includes Commercial papers, Commercial bills, Treasury bills, Government Securities having an unexpired maturity upto one year, call or notice money, certificates of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.
Mutual Fund	Bajaj Finserv Mutual Fund (“the Fund” or “the Mutual Fund” or “Bajaj Finserv Mutual Fund”) has been constituted as a trust in accordance with the provisions of the Indian Trust Act, 1882. The Fund is registered with SEBI vide registration no. MF/078/23/04 dated March 01, 2023.
NAV	Net Asset Value of the units of the scheme calculated on every Business Day in the manner provided in this Scheme Information Document or as may be prescribed by regulations from time to time.
New Fund Offer	Offer of the units of scheme Bajaj Finserv Arbitrage Fund during the New Fund Offer Period.
New Fund Offer Period	The period during which the initial subscription to units of Bajaj Finserv Arbitrage Fund can be made. New Fund Offer Period for the scheme will be announced at the time of the launch subject to the earlier closure, if any; such offer period shall remain open for subscription for minimum period of three (3) working days but not more than fifteen (15) calendar days.
NRIs	Non Resident Indians
Official Points of acceptance of transaction	All applications for subscription/redemption of units should be submitted by investors at the official point of acceptance of transactions at the office of the registrar and/or AMC as may be notified from time to time. For details please refer to the application form and/or website of the Mutual Fund at <a href="http://www.bajajamc.com">www.bajajamc.com</a> .
Person of Indian Origin	A citizen of any country other than Bangladesh or Pakistan, if a) he at any time held an Indian passport or b) he or either of his parents or any of his grand-parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955) or c) the person is a spouse of an Indian citizen or a person referred to in sub clause (a) or (b).

RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time.
Repo / Reverse Repo	Sale / Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
Repurchase / Redemption	Repurchase / Redemption of units of the scheme, as permitted in the Scheme Information Document. Repurchase/redemption shall also include sale of units by the investor.
Retail Investors	Retail investors would mean individual investors from whom inflows into the Scheme would amount upto Rs. 2,00,000/- per transaction.
R & T Agent/ Registrar	KFIN Technologies Limited who are registered with SEBI as Category I Registrar to an Issue and Share Transfer Agent bearing registration number INR000000221 has been appointed as R & T agent.
Sale / Subscription	Sale or allotment of units to the unitholders upon subscription by an investor / applicant under this scheme.
Subscription of units	Subscription shall also include purchase of units by the investor.
SEBI	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
Statement of Additional Information or SAI	The document issued by Bajaj Finserv Mutual Fund containing details of the Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
Scheme Information Document	This document issued by Bajaj Finserv Mutual Fund, offering units of Bajaj Finserv Arbitrage Fund.
Sponsor	Bajaj Finserv Limited, a Company incorporated under the Companies Act, 1956 and includes its successors and permitted assigns.
Systematic Investment Plan (SIP)	A plan enabling investors to save and invest in the scheme on monthly / quarterly / other periodic basis submitting payment instructions. The AMC reserves the right to introduce SIPs at other frequencies as may be deemed appropriate by the AMC, from time to time.
Systematic Transfer Plan (STP)	A plan enabling investors to transfer lumpsum amounts / capital appreciation in the specific schemes of Bajaj Finserv Mutual Fund to other schemes of the fund by providing a standing instruction to transfer sums at specified intervals. The AMC reserves the right to introduce STPs at various frequencies as the AMC may feel appropriate from time to time.
Systematic Withdrawal Plan (SWP)	A plan enabling investors to withdraw amounts from the scheme on a monthly / quarterly basis by giving a single instruction. The AMC reserves the right to introduce SWPs at such other frequencies such as the AMC may feel appropriate from time to time.
The Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
Trustee	Means the Trustee Company which holds the property of Bajaj Finserv Mutual Fund in trust and includes the directors of the Trustee Company and the successors and assigns of the Trustee Company.
Trustee Company	Bajaj Finserv Mutual Fund Trustee Limited incorporated under the Companies Act, 2013 and approved by SEBI to act as Trustee to the schemes of Bajaj Finserv Mutual Fund.
Trust Deed	Deed of Trust dated 03 <sup>rd</sup> February 2022 entered between Bajaj Finserv Limited and Bajaj Finserv Mutual Fund Trustee Limited and Supplementary Deed of Trust dated October 12, 2022.

Trust Fund	Amounts settled/contributed by the Sponsor towards the corpus of the Bajaj Finserv Mutual Fund and additions/accretions thereto.
Unit	The interest of an investor that consists of one undivided share in the net assets of the scheme.
Unitholder	A holder of units of Bajaj Finserv Arbitrage Fund, as contained in this Scheme Information Document.

For all purposes of this Scheme information document, except as otherwise expressly provided or unless the context otherwise requires:

- the terms defined in this Scheme Information Document include the plural as well as the singular pronouns having a masculine or feminine gender shall be deemed to include the other.
- all references to "Sterling Pounds" refer to United Kingdom Sterling Pounds, "dollars" or "\$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).

**VI. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

(Consolidated Std. Obs. 55)

It is confirmed that:

- a) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- b) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- c) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- d) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

**For Bajaj Finserv Asset Management Limited  
(Investment Manager to Bajaj Finserv Mutual Fund)**

**Date: April 04, 2023  
Place: Pune**

Sd/-  
**Harish Iyer  
Compliance Officer**

## VII. INFORMATION ABOUT THE SCHEME

### A. Type of the Scheme

An open ended scheme investing in arbitrage opportunities.

### B. What is the Investment Objective of the Scheme?

The investment objective of the Scheme is to seek to generate returns by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments.

However, there is no assurance that the investment objective of the Scheme will be achieved.

### C. How will the Scheme allocate its assets?

Std. obs. 14

The asset allocation pattern for the scheme under normal circumstance is detailed in the table below:

Instruments	Indicative allocations		Risk profile
	Maximum	Minimum	
Equity and Equity related instruments including derivatives and stock options <sup>5</sup>	100%	65%	Very High
Debt & Money Market instruments including the margin money deployed in derivative transactions (including units of liquid schemes of Bajaj Finserv Mutual Fund)**	35%	0%	Low to moderate
Non-convertible preference shares	10%	0%	Very High

§: The exposure to derivative shown in the above asset allocation table is exposure taken against the underlying equity investments i.e. in case the scheme shall have a long position in a security and a corresponding short position in the same security, then the exposure for the purpose of asset allocation will be counted only for the long position. The intent is to avoid double counting of exposure and not to take additional asset allocation with the use of derivative. If suitable arbitrage opportunities are not available in the opinion of the Investment manager, the Scheme may hedge the equity portfolio by using derivatives or may invest in short term debt / money market instruments.

The notional value of exposure in equity derivatives would be reckoned for equity securities exposure. The notional value of exposure in debt derivatives would be reckoned for debt and money market securities exposure.

Note: (i) \*\*Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme.

(ii) The asset allocation as given under normal circumstances is indicative and may vary according to circumstances at the sole discretion of the Fund Manager. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above, within a reasonable period of time.

Under defensive circumstances, the asset allocation may be as follows:

Instruments	Indicative allocations		Risk profile
	Maximum	Minimum	
Equity and Equity related instruments including derivatives and stock options <sup>§</sup>	65%	0%	High
Debt & Money Market instruments including the margin money deployed in derivative transactions (including units of liquid schemes of Bajaj Finserv Mutual Fund)**	100%	35%	Low to Moderate
Non-convertible preference shares	10%	0%	Very High

§: The exposure to derivative shown in the above asset allocation table is exposure taken against the underlying equity investments i.e. in case the scheme shall have a long position in a security and a corresponding short position in the same security, then the exposure for the purpose of asset allocation will be counted only for the long position. The intent is to avoid double counting of exposure and not to take additional asset allocation with the use of derivative. If suitable arbitrage opportunities are not available in the opinion of the Investment manager, the Scheme may hedge the equity portfolio by using derivatives or may invest in short term debt / money market instruments.

The notional value of exposure in equity derivatives would be reckoned for equity securities exposure. The notional value of exposure in debt derivatives would be reckoned for debt and money market securities exposure.

Note: (i) \*\*Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme.

(ii) The asset allocation as given under normal circumstances is indicative and may vary according to circumstances at the sole discretion of the Fund Manager. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above, within a reasonable period of time.

Defensive circumstances are when the arbitrage opportunities in the market place are negligible or returns are lower than alternative investment opportunities as per allocation pattern. The allocation under defensive considerations will be made keeping in view the interest of the unitholders.

Investment in Equity Derivatives shall be upto 50% of Equity assets of the scheme for non-hedging purpose. (Consolidated Std. Obs. 20)

Std. obs. 4

Investment in Fixed Income Derivatives shall be upto 10% of Fixed Income assets of the scheme for non-hedging purpose. (Consolidated Std. Obs. 20)

Securitized debt up to 40% of debt portfolio

Investment in ADR/GDR/Foreign Securities and Overseas ETFs shall be upto 35% of net assets in accordance with the guidelines stipulated by SEBI and RBI from time to time. (Consolidated Std. Obs. 15)

Investment in ADR/GDR/Foreign Securities and Overseas ETFs would be as per SEBI Circular dated September 26, 2007, SEBI Circular dated April 8, 2008, SEBI Circular dated November 5, 2020 and SEBI Circular dated June 03, 2021 as may be amended from time to time. The Scheme may invest up to US \$ 30 million in ADR/GDR/foreign securities.. As per SEBI Circular dated November 5, 2020, Mutual Funds can make overseas investments subject to a maximum of US \$ 1 billion per Mutual Fund within the overall industry limit of US \$ 7 billion. The overall ceiling for investment in overseas ETFs that invest in securities is US\$ 1 billion subject to a maximum of US\$ 300 million per mutual fund (Consolidated Std. Obs. 16). The Scheme may invest up to US \$ 20 million in overseas ETFs.

Invest in stock lending shall be upto 20% of net assets. Further, the Scheme shall not deploy more than 5% of the Scheme's net assets in securities lending through a single intermediary. These limits shall be applicable at the time of participating in the securities lending by the Scheme.

(Consolidated Std. Obs. 18)

The gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10% of the net assets of the scheme or as permitted by extant SEBI regulation.

The scheme may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter scheme investment made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the Fund or in the schemes of any other mutual fund.

The scheme will not invest in instruments having special features as stated in SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021, SEBI/HO/IMD/DF4/CIR/P/2021/034 dated March 22, 2021 as amended from time to time. The scheme will not invest in Credit Default Swaps.

The scheme will not invest in REITS and InvITS.

The scheme will not invest in credit enhancements and structured obligation instruments.

The cumulative gross exposure through equity, derivatives, debt, money market instruments, units of mutual fund schemes, securitised debt, , equity derivatives, fixed income derivatives, ADR/GDR/Foreign securities and Overseas ETFs, repo transactions in corporate debt securities and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme in accordance with SEBI circular no. Cir/MD/DF/11/2010 dated August 18, 2010 and March 04, 2021. (Consolidated Std. Obs. 17)

(Consolidated Std. Obs. 24)

In accordance with SEBI Circular dated March 30, 2022, in the event of asset allocation falling outside the limits specified in the asset allocation table mentioned above, due to passive breaches, the fund manager will review and rebalance the same within 30 business days from the date of such deviation. In case the portfolio is not rebalanced within the period of 30 business days, justification in writing for the same including efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if so desires, can extend the timelines upto 60 business days from the date of completion of mandated rebalancing period. (Consolidated Std. Obs. 22)

In case the scheme is not rebalanced within the aforementioned mandate plus extended timelines:

- a. The AMC shall not be permitted to launch any new scheme till the time the portfolio is rebalanced.
- b. The AMC shall not levy any exit load, (if any), on the investor exiting the Scheme.

In case the AUM of the deviated portfolio is more than 10% of the AUM of the main portfolio of the scheme.

- i. The AMC shall immediately communicate the same to the investors of the scheme after the expiry of the mandated rebalancing period (i.e. 30 Business Days) through SMS and email/ letter including details of portfolio not rebalanced.
- ii. The AMC shall also immediately communicate to the investors through SMS and email/letter when the portfolio is rebalanced.
- iii. The AMC shall disclose scheme wise deviation of the portfolio (beyond aforesaid 10% limit) from the mandated asset allocation beyond 30 business days, on the AMC 's website i.e. [www.bajajamc.com](http://www.bajajamc.com).

The AMC shall also disclose any deviation from the mandated asset allocation to investors along with periodic portfolio disclosures as specified by SEBI from the date of lapse of mandated plus extended rebalancing timelines.

Pursuant to SEBI circular No. SEBI/HO/IMD/DF2/CIR/P/2016/42 dated March 18, 2016, the Scheme may deploy NFO proceeds in Triparty repo on Government securities or treasury bills (TREPS) before the closure of NFO period. However, the AMC shall not charge any investment management and advisory fees on funds deployed in TREPS during the NFO period

At the time of building up the portfolio post NFO, the Fund Manager may deploy the funds in units of liquid mutual fund schemes to the extent permitted under SEBI (Mutual Funds) Regulations, 1996, in case suitable debt / money market instruments are not available or the Fund Manager is of the view that the risk-reward is not in the best interest of the unit holders.

All of the Scheme's assets will be invested in transferable securities. The corpus of the Scheme shall not in any manner be used in option trading, short selling or carry forward transactions as stipulated in SEBI Regulations and amended from time to time.

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007 and September 20, 2019, as may be amended from time to time.

(Consolidated Std. Obs. 24)

**Short term defensive consideration:** When the Fund Manager/s believes market or economic conditions are unfavourable for investors, the scheme may invest up to 100% of its assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term investments. Temporary defensive investments generally may include permitted money market instruments, TREPS/reverse repo, etc. Such changes in the investment pattern will be for short term and defensive considerations only which would be rebalanced to either of the above asset allocations within 30 calendar days from the date of deviation and in accordance with SEBI circular dated March 04, 2021 and any other circulars issued there under, from time to time. (Consolidated Std. Obs. 23)

D. Where will the Scheme Invest?

Std. obs. 15

(Consolidated Std. Obs. 29)

- 1) Equity and equity related instruments including Indian Depository Receipts (IDRs) and warrants carrying the right to obtain equity shares.
- 2) Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- 3) Securities guaranteed by the Central, State and local Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- 4) Debt securities issued by domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- 5) Corporate debt securities (of both public and private sector undertakings)
- 6) Securities issued by banks (both public and private sector) including term deposit with the banks as permitted by SEBI/RBI from time to time, subject to approval from SEBI / RBI as required and development financial institutions.
- 7) Money market instruments, as permitted by SEBI/ RBI.
- 8) Securitized Debt.
- 9) The non-convertible part of convertible securities.

- 10) Derivative instruments like Stock/Index Futures, Stock/Index Options, Interest Rate Future, Interest Rate Swap, Forward Rate Agreement and such other derivative instruments permitted by SEBI.
- 11) ADRs/GDRs/Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India.
- 12) Units of Mutual Fund Schemes/Exchange Traded Funds.
- 13) Cash & cash equivalents.
- 14) Preference shares.
- 15) Repo transactions in corporate debt securities.
- 16) Any other domestic fixed income securities as permitted by SEBI/ RBI subject to requisite approvals from SEBI/RBI, if needed.

Subject to the Regulations, the securities mentioned above could be listed, unlisted, privately placed, secured, unsecured and of varying maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights issue or negotiated deals. Further, the scheme intend to participate in securities lending as permitted under the regulations. Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time. The Scheme may also enter into repurchase and reverse repurchase in various securities as per the guidelines and regulations applicable to such transactions.

Pending deployment of funds of the scheme in securities in terms of the investment objective of the scheme, the AMC may park the funds of the scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, August 16, 2019 and September 20, 2019 as amended from time to time. The AMC shall not charge any investment management and advisory fees for parking of funds in such short term deposits of scheduled commercial banks for the scheme.

E. What are the Investment Strategies?

Std. obs. 7

(Consolidated Std. Obs. 27)

The Fund Manager will identify and take advantage of market neutral arbitrage opportunities by executing deals simultaneously in both markets. In compliance with SEBI guidelines, the Scheme will not engage in short selling in the cash market at any time.

The debt component of the Scheme will be invested in debt securities and money market instruments, with the primary aim of generating income while minimizing interest rate risk.

Some of the arbitrage strategies that may be employed by the fund manager include:

**Cash-Future Arbitrage:** For example, let's say the price of XYZ stock in the spot market is Rs 100, while the price of the same stock in the futures market is Rs 105. After adjusting for taxes and other costs, the Scheme will buy the stock in the spot market for Rs 100 and simultaneously sell the same stock in the futures market for Rs 105, earning the cost of carry between the stock and its futures.

**Rolling over of the Futures Transaction:** This strategy involves unwinding the short position in the current month's futures and simultaneously selling futures of the subsequent month, while holding onto the spot position. For example, if the fund manager anticipates a change in market conditions, they may choose to unwind their current month's futures position and roll it over to the subsequent month.

**Dividend Arbitrage:** For example, prior to a dividend declaration, the stock futures/options market may provide a profitable opportunity. Typically, the stock price declines by the dividend amount when the stock goes ex-dividend. The fund manager may take advantage of this by buying the stock in the spot market and selling the same stock in the futures market.

**Buy-back Arbitrage:** This strategy involves taking advantage of the price differential between the buy-back price and the traded price when a company announces a buy-back of its own shares. For example, if a company announces a buy-back at Rs 100 per share, while the current market price is Rs 95, its futures price is likely to be higher in anticipation of the buy back price. Here, the fund manager may choose to buy the stock at Rs 95 and sell its futures price at say Rs 100 to capture the high arbitrage opportunity.

**Nifty Spot-Nifty Futures:** This strategy involves exploiting the difference in pricing between the Nifty and Nifty futures. For example, if the Nifty is currently at 20,000 and the Nifty futures are at 21,050, the fund manager may choose to buy the Nifty futures and sell the portfolio comprising of index stocks, earning the difference between the two.

**Buy Option:** This strategy involves actively managing the options component to take advantage of market volatility. For example, if the fund manager believes that a stock's price will increase, they may choose to buy a call option on that stock.

It's important to note that the above strategies are just examples and the fund manager may adopt other strategies as well, depending on market conditions and regulatory compliance. Additionally, the provision for trading in derivatives is an enabling provision and it is not binding on the Scheme to undertake trading on a day-to-day basis.

Considering the inherent characteristics of the Scheme, equity positions would have to be built-up gradually and also sold off gradually. This would necessarily entail having large cash position before the portfolio is fully invested and during periods when equity positions are being sold off to book profits/losses or to meet redemption needs. Investors may note that securities which endeavor to provide higher returns typically, display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.

#### Portfolio Turnover

Portfolio Turnover is defined as the lower of purchases and sales after reducing all subscriptions and redemptions and derivative transactions there from and calculated as a percentage of the average assets under management of the scheme during a specified period of time.

The AMC's portfolio management style is conducive to a low portfolio turnover rate. However, the AMC will aim to take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets. The AMC will endeavour to balance the increased cost on account of higher portfolio turnover with the benefits derived there from.

#### F. Fundamental Attributes

Std. obs. 8

(Consolidated Std. Obs. 59)

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

- a. Type of the scheme - Please refer to VII. 'Information about the scheme' – Type of the Scheme
- b. Investment Objective – Please refer to VII 'Information about the scheme' – What is the Investment Objective of the Scheme
- c. Terms of Issue
  - Liquidity provisions such as listing, repurchase, redemption – Being an open ended scheme, the Units of the Scheme will not be listed on any stock exchange, at present. The Trustee may, at its

sole discretion, cause the Units under the Scheme to be listed on one or more Stock Exchanges. For details on repurchase, redemption, please refer section 'Units and Offer'.

- Aggregate fees and expenses charged to the scheme – The provisions in respect of fees and expenses are as indicated in this SID. Please refer to section "Fees and Expenses".
- Any safety net or guarantee provided – This scheme is not a guaranteed or an assured return scheme.

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations 1996, the Trustees shall ensure that no change in the fundamental attributes of the scheme or the trust or fee and expenses payable or any other change which would modify the scheme and affect the interests of Unit holders is carried out unless:

- An addendum to the existing SID has been issued and displayed on AMC website immediately.
- SID has been revised and updated immediately after completion of duration of the exit option (not less than 30 days from the notice date).
- A public notice has been given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

In addition to the conditions specified above, for effecting any change in the fundamental attributes of the scheme, trustees shall take comments of the SEBI and any change suggested by SEBI would be incorporated before carrying such proposed change(s).

G. How will the Scheme benchmark its performance? Std. obs. 9

The Scheme benchmark would be Nifty 50 Arbitrage Index (TRI).

The composition of the aforesaid benchmark is such that, it is most suited for comparing performance of the Scheme. The Trustees may change the benchmark in future if a benchmark better suited to the investment objective of the scheme is available.

H. Who manages the Scheme? Std. obs. 10

(Consolidated Std. Obs. 33)

Equity portion:

Name of Fund Manager, Age and Qualifications	Work experience	Other schemes managed
Mr. Nimesh Chandan 45 years B.Com, MMS (Finance)	Mr. Nimesh has over 22 years of experience in the Indian Capital Markets. He has spent 16 years in Fund Management - managing and advising domestic and international investors, retail as well as institutional. Prior to joining Bajaj Finserv Asset Management Ltd, he has worked with Canara Robeco Asset Management as Head Investments, Equities (Domestic and Offshore). He has also worked with other asset management companies including Birla Sunlife Asset Management, SBI Asset Management and ICICI Prudential Asset Management.	<ul style="list-style-type: none"> <li>• Bajaj Finserv Liquid Fund*</li> <li>• Bajaj Finserv Overnight Fund*</li> <li>• Bajaj Finserv Money Market Fund*</li> <li>• Bajaj Finserv Flexi Cap Fund (equity portion)#</li> </ul>

\*Jointly with Mr. Siddharth Chaudhary

#Jointly with Mr. Sorbh Gupta

Debt portion:

Name of Fund Manager, Age and Qualifications	Work experience	Other schemes managed
Mr. Siddharth Chaudhary  41 years B. Com, PGPSM from UTI Institute of Capital Markets	Mr. Chaudhary joined the Company in July 2022 as Senior Fund Manager – Fixed Income. Prior to this he was associated with Sundaram Asset Management Co. Ltd from April 2019 - July 2022 as Head Fixed Income – Institutional Business, from April 2017 – March 2019 as Senior Fund Manager – Fixed Income, from August 2010 – March 2017 as Fund Manager – Fixed Income. During June 2006 – September 2010 he was working as Senior Manager, Treasury Deptt in Indian Bank	<ul style="list-style-type: none"> <li>• Bajaj Finserv Liquid Fund*</li> <li>• Bajaj Finserv Overnight Fund*</li> <li>• Bajaj Finserv Money Market Fund*</li> <li>• Bajaj Finserv Flexi Cap Fund (Debt portion)</li> </ul>

\*Jointly with Mr. Nimesh Chandan

Being a new scheme, the total tenure of the Fund Manager managing the scheme is not available.

I. What are the Investment Restrictions? Std. obs. 11

Pursuant to the Regulations and amendments thereto and subject to the investment pattern of the scheme, following investment restrictions are applicable:

1. The Scheme shall not invest more than 10% of debt portfolio in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the debt portfolio of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.

Further, the scheme shall not invest more than:

- a. 10% of the debt portfolio in debt and money market securities rated AAA; or
- b. 8% of the debt portfolio in debt and money market securities rated AA; or
- c. 6% of the debt portfolio in debt and money market securities rated A and below

issued by a single issuer.

The above investment limits may be extended by up to 2% of the debt portfolio of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit.

Provided that such limit shall not be applicable for investments in Government Securities, Treasury Bills and Tri-party Repos on Government securities or treasury bills TREPS.

Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.

2. A mutual fund scheme shall not invest in unlisted debt instruments including commercial papers (CPs), other than (a) government securities, (b) other money market instruments and (c) derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. which are used by mutual funds for hedging.

However, mutual fund scheme may invest in unlisted Non-Convertible Debentures (NCDs) not exceeding 10% of the debt portfolio, as per respective investment limits and timelines mentioned in

Circular dated October 1, 2019, of the debt portfolio of the scheme subject to the condition that such unlisted NCDs have a simple structure (i.e. with fixed and uniform coupon, fixed maturity period, without any options, fully paid up upfront, without any credit enhancements or structured obligations) and are rated and secured with coupon payment frequency on monthly basis.

For the above purposes, listed debt instruments shall include listed and to be listed debt instruments.

3. The Scheme shall not invest more than 5% of its net assets in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. All such investments shall be made with the prior approval of the Board of Trustees and the Board of AMC.

Investments should only be made in such instruments, including bills re-discounting, usance bills, etc., that are generally not rated and for which separate investment norms or limits are not provided in SEBI (Mutual Fund) Regulations, 1996 and various circulars issued thereunder.

4. The Fund under all its Schemes shall not own more than 10% of any company's paid up capital carrying voting rights.

Provided that investment in the AMC or the trustee company of a mutual fund shall be governed by clause (a), of sub-regulation (1) of regulation 7B of SEBI MF Regulations.

5. Transfer of investments from one scheme to another scheme in the same Mutual Fund is permitted provided:

- Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
- The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

The AMC shall comply with the guidelines issued by SEBI vide its Circular dated October 8, 2020 and such other guidelines as may be notified from time to time. (Consolidated Std. Obs. 30)

6. The Scheme may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-scheme investment made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the Fund or in the schemes of any other mutual fund.

7. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.

8. The Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.

9. Pending deployment of funds of the scheme in terms of the Investment Objective, the Mutual Fund may invest them in Short Term Deposits of Scheduled Commercial Banks in accordance with SEBI Circular dated April 16, 2007, SEBI Circular dated June 23, 2008 and SEBI Circular dated August 16, 2019. Following guidelines shall be followed for parking of funds in Short Term Deposits of Scheduled Commercial Banks pending deployment:

- a. "Short Term" for such parking of funds by mutual funds shall be treated as a period not exceeding 91 days.
- b. Such short term deposits shall be held in the name of the concerned scheme.
- c. No mutual fund scheme shall park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposits.

- d. No mutual fund scheme shall park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - e. Trustees/Asset Management Companies (AMCs) shall ensure that no funds of a scheme are parked in short term deposit (STD) of a bank which has invested in that scheme. Trustees/AMCs shall also ensure that the bank in which a scheme has STD does not invest in the said scheme until the scheme has STD with such bank.  
The above conditions are not applicable to term deposits placed as margins for trading in cash and derivative market.
  - f. Asset Management Company (AMC) shall not be permitted to charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.
10. No mutual fund Scheme shall make any investments in:
    - a. any unlisted security of an associate or group company of the Sponsor; or
    - b. any security issued by way of private placement by an associate or group company of the Sponsor; or
    - c. the listed securities of group companies of the Sponsor which is in excess of 25% of its net assets.
  11. The scheme shall not invest in Fund of Funds scheme.
  12. All investments by a mutual fund scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.
  13. No mutual fund scheme shall invest more than 10% of its NAV in equity shares or equity related instruments of any company.
  14. No loans for any purpose can be advanced by the scheme.
  15. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/ redemption of units or payment of interest or IDCW to the unit holders. Such borrowings shall not exceed more than 20% of the net assets of the individual scheme and the duration of the borrowing shall not exceed a period of 6 months.
  16. If any company invests more than 5% of the NAV of any of the scheme, investment made by that or any other schemes of the Mutual Fund in that Company or its subsidiaries will be disclosed in accordance with the SEBI (MF) Regulations.
  17. The Mutual Fund having an aggregate of securities which are worth Rs.10 crores or more, as on the latest balance sheet date, shall subject to such instructions as may be issued from time to time by the Board, settle their transactions only through dematerialised securities. Further all transactions in government securities shall be in dematerialised form.
  18. The Scheme will comply with provisions specified in Circular dated August 18, 2010 related to overall exposure limits applicable for derivative transactions as stated below:
    - i. The cumulative gross exposure across all asset classes should not exceed 100% of the net assets of the Scheme.
    - ii. The total exposure related to option premium paid must not exceed 20% of the net assets of the Scheme.
    - iii. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure. (Consolidated Std. Obs. 14)
    - iv. Mutual Fund shall not write options or purchase instruments with embedded written options.
    - v. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
      - Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
      - Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
      - Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
      - The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in Point 19(i) above.

- vi. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counterparty in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if the Mutual Fund is transacting in interest rate swaps through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.
- vii. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.

Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position Exposure	Position Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option Bought	option Premium Paid * Lot Size * Number of Contracts

- viii. Exposure limit for participating in Interest Rate Futures - In addition to the existing provisions of SEBI circular No. IMD/DF/11/2010 dated August 18, 2010, the following are prescribed:
  - To reduce interest rate risk in a debt portfolio, mutual fund may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:
 
$$\frac{(\text{Portfolio Modified Duration} * \text{Market Value of the Portfolio})}{(\text{Futures Modified Duration} * \text{Future Price/ PAR})}$$
  - In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.
  - Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the scheme, subject to the following:
    - Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.
    - Mutual Funds are permitted to resort to imperfect hedging without it being considered under the gross exposure limits if and only if the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Para 3 of SEBI circular dated August 18, 2010. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

- i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
  - ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.
- At no point of time, the net modified duration of part of the portfolio being hedged should be negative.
  - The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 3 of SEBI circular dated August 18, 2010.
  - The basic characteristics of the scheme should not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration.
  - The interest rate hedging of the portfolio should be in the interest of the investors.
19. The scheme can write call options under a covered strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:
- a. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
  - b. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
  - c. At all points of time the scheme shall comply with the provisions at points (a) and (b) above. In case of any passive breach of the requirement at paragraph (a) above, the scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the scheme.
  - d. In case a scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.
  - e. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
  - f. The premium received shall be within the requirements prescribed in terms of SEBI circular dated August 18, 2010 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.
  - g. The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 3 of SEBI Circular no. Cir/IMD/DF/11/2010 dated August 18, 2010.
  - h. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the scheme until the position is closed or expired.
20. Conditions for undertaking repo in corporate debt securities:
- a. The scheme shall not lend/borrow more than 10% of its net assets in repo against corporate debt securities.
  - b. The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt, derivatives and any other permitted assets shall not exceed 100% of the net assets of the scheme.
  - c. The scheme shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

- d. The exposure limit/investment restrictions prescribed under the Seventh Schedule of the Regulations and circulars issued there under (wherever applicable) shall be applicable to repo transactions in corporate debt securities.
  - e. Counterparty selection & credit rating:  
The AMC follows an issuer selection and approval process for fixed income investments and the same shall be used for selection of counterparties for repo in corporate debt securities. Repo transactions shall be carried out with only those counterparties who have a credit rating of 'AA and above' (Long term rating) or 'A1+' (Short term rating) provided by any credit rating agency as accredited by SEBI from time to time.
  - f. Tenor of Repo:  
Tenor of repo shall not exceed 6 months. There shall be no restriction/limitation on the tenor of collateral.
  - g. Applicable haircut:  
The AMC would be guided by the parameters for applying haircut as may be specified by RBI and/or SEBI for undertaking repo in corporate debt securities, from time to time.
21. The Scheme's total exposure in a particular sector (excluding investments in Bank CDs, TREPS, Government Securities, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Scheme;  
Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 10% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio/ an affordable housing loan portfolio  
Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total Investment/exposure in HFCs shall not exceed 20% of the net assets of the Scheme. (Consolidated Std. Obs. 31)
22. The Scheme's total exposure in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the Scheme. Such investment limit may be extended to 25% of the net assets of the Scheme with the prior approval of the Board of Trustee.

The investments by the Scheme in debt and money market instruments of group companies of both the Sponsors and the AMC shall not exceed 10% of the net assets of the scheme. Such investment limit may be extended to 15% of the net assets of the scheme with the prior approval of the Board of Trustees.

For this purpose, a group means a group as defined under regulation 2 (mm) of the Regulations and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

The AMC/Trustee may alter these above stated restrictions from time to time to the extent the Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective.

All investment restrictions shall be applicable at the time of making investment.

## J. Equity Markets in India

The Indian equity market is one of the largest and fastest growing stock markets in the world. The Indian equity market has flourished since the early 1990's, when the Indian economy was liberalized, and foreign direct investments started coming in. Since then, the equity market has grown at a healthy pace, led by strong demand and supply side drivers, such as – steady economic growth, increasing disposable income for households, rising urbanisation, and shift in household savings pattern from physical assets to financial assets, such as stocks and bonds. Several favourable regulatory changes have also encouraged investments in the equity markets and attracted foreign institutional investments.

Majority of trading in the Indian equity market takes place in two leading stock exchanges – the National Stock Exchange of India Limited (NSE) the BSE Limited (BSE). Established in 1875, BSE is one of the oldest stock exchanges in Asia. The NSE was established in 1992 and started operations from 1994. It is the largest stock exchange in India in terms of volumes, as well as among the largest in the world. Both exchanges follow the same trading mechanism, trading hour, and settlement process. As of October 2022, there are over 5,000 companies listed in the BSE and 1,800 companies listed in the NSE. The two most prominent Indian market indices are SENSEX by the BSE and NIFTY 50 by the NSE. SENSEX was created in 1986 and comprises shares of 30 firms listed on the BSE. NIFTY 50 was created in 1996 and includes 50 shares listed on the NSE platform.

Trading at both exchanges occur through an open electronic limit order book, where the trading computer matches the order without the intervention of market makers. This entire process is order driven where orders of buyers are automatically matched with the best limit offer. This technology based, order driven system helps in making the process transparent, as all buy and sell offers are displayed in the trading system and keeps both buyer and seller anonymous. All trades are placed through verified stockbrokers, many of whom also provide online trading platforms to facilitate swift flow of trades. Finalized trades are settled on the T+2 rolling settlement process – which means that trades placed on a particular date are cleared after the specified time of two trading days from the date of the trade. Both exchanges have their clearing houses, which acts as a central counterparty and assumes all settlement risks. The shares are kept in electronic form in a demat account, unlike the physical share certificates used previously.

## K. Debt Markets in India

Std. obs. 12
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What is a Debt Instrument?

A Debt Instrument is a borrowing obligation which the borrower has to service for mutually agreed period and rate of interest.

There are a huge variety of Debt or Fixed income instruments, as they are usually called. The sheer variety in these instruments mean that they can be classified on the basis of any of these features.

**List of Features** (list is indicative)

- Face Value: Stated value of the paper /Principal Amount
- Coupon: Zero, fixed or floating
- Frequency: Semi-annual; annual, sometimes quarterly or Monthly
- Maturity: Bullet, staggered
- Redemption: Face Value; premium or discount
- Options: Call/Put Issue Price: Par (Face Value) or premium or discount.

**List of Debt Market Instruments:** The Indian Debt market comprises of the Money Market and Debt Market. Money market instruments are Commercial Papers (CPs), Certificates of Deposit (CDs), Treasury

bills (T-bills), Repos, Inter-bank Call money deposit, Reverse Repo and TREPS etc. Money market instruments have a tenor of less than one year while debt market instruments typically have a tenor of more than one year. Debt market in India comprises mainly of two segments viz., the Government securities market and the corporate securities market.

Government securities include central, state and quasi govt issues. The main instruments in this market are dated securities (Fixed or Floating) and Treasury bills (Discounted Papers). These securities are generally issued through auctions on the basis of 'uniform price' method or 'Multiple price' method.

Corporate Debt segment on the other hand includes bonds/debentures issued by private corporates, public sector units (PSUs), public financial institutions (PFIs) and development financial institutions (DFIs). These instruments carry a variety of ratings based on the credit profile evaluated by rating agency and are priced accordingly. These bonds too can be Fixed or Floating.

Debt derivatives market comprises mainly of Forward Rate Agreements, Interest rate Futures, Interest rate Swap. Banks and corporates are major players here and of late Mutual Funds have also started hedging their exposures through these products.

The following table gives approximate yields prevailing as on August 09, 2023 on some of the instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro-economic conditions and RBI policy Issuer.

<b>Instrument</b>	<b>Yield level (% per annum)</b>
G-Sec 5 year	7.15%
G-Sec 10 year	7.17%
CP's 3 months	6.95%
CD's 3 months	6.90%
CP's 1 year	6.60%
CD's 1 year	6.40%
PSU	
Corporate Debentures AAA 3 year	7.63%
Corporate Debentures AAA 5 year	7.63%
NBFC	
Corporate Debentures AAA 3 year	7.85%
Corporate Debentures AAA 5 year	7.89%

#### L. Segregation of Portfolio

(Consolidated Std. Obs. 53)

The AMC may create a segregated portfolio of debt and money market instruments in a mutual fund scheme in case of a credit event and to deal with liquidity risk.

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme and the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

- a) Downgrade of a debt or money market instrument to 'below investment grade', or
- b) Subsequent downgrades of the said instruments from 'below investment grade', or

- c) Similar such downgrades of a loan rating.

In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at the ISIN level.

The AMC may also create a segregated portfolio of unrated debt and money market instruments of an issuer that does not have any outstanding rated debt or money market instruments in case of 'actual default' of either the interest or principal amount.'

#### **Process for creation of segregated portfolio**

1. The AMC shall decide on creation of segregated portfolio on the day of credit event, as per the process laid down below:
  - i. The AMC shall seek approval of Trustees, prior to creation of the segregated portfolio.
  - ii. The AMC shall immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. It shall also be disclosed that the segregation shall be subject to trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
  - iii. The AMC shall ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
2. Upon receipt of approval from Trustees:
  - i. The segregated portfolio shall be effective from the day of credit event.
  - ii. The AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information shall also be submitted to SEBI.
  - iii. An e-mail or SMS should be sent to all unit holders of the scheme.
  - iv. The NAV of both segregated and main portfolio shall be disclosed from the day of the credit event.
  - v. All existing investors in the scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - vi. No redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in segregated portfolio, AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests.
3. If the trustees do not approve the proposal to segregate portfolio, the AMC shall issue a press release immediately informing investors of the same.
4. Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and Circulars issued thereunder.
5. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing circular on applicability of NAV as under:
  - a. Upon trustees' approval to create a segregated portfolio -
    - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.

- Investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.
- b. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.
6. In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:
    - a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
    - b. Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the scheme.
    - c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
    - d. The information regarding number of segregated portfolios created in a scheme shall appear prominently under the name of the scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI website, etc.
    - e. The scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
    - f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
    - g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.
  7. In order to ensure timely recovery of investments of the segregated portfolio, the Trustees to the fund would continuously monitor the progress and take suitable action as may be required.
  8. TER for the Segregated Portfolio:
    - a. AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
    - b. The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
    - c. The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
    - d. The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Investors may also note that the process followed by the AMC/Trust regarding creation of segregated portfolios shall be in accordance with the provisions laid down by SEBI in this regard, from time to time.

Numerical illustration explaining how segregated portfolios will work

Total Assets under Fixed Income instruments: Rs. 10 lakhs and Total 2 investors in the scheme:

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000	3,75,000	Portfolio 1	5,00,000
B	50,000	6,25,000	Portfolio 2	3,00,000
			Portfolio 3	2,00,000
Total	80,000	10,00,000	Total	10,00,000

NAV Rs. 12.50 per unit

Credit Event: Security 2 downgrades and value falls from Rs. 3,00,000 to Rs. 280,000

Post Segregation (Main Portfolio):

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000	2,62,500	Portfolio 1	5,00,000
B	50,000	4,37,500	Portfolio 3	2,00,000
Total	80,000	7,00,000	Total	7,00,000

NAV of main portfolio Rs. 8.75 per unit

Post Segregation (Segregated Portfolio):

Investors	Units	Amount (Rs.)	Portfolio	Value (Rs.)
A	30,000	1,05,000	Portfolio 2	2,80,000
B	50,000	1,75,000	-	-
Total	80,000	2,80,000	Total	2,80,000

NAV of segregated portfolio Rs. 3.50 per unit

Investors	Units	Main Portfolio	Segregated Portfolio	Amount (Rs.)
A	30,000	2,62,500	1,05,000	3,67,500
B	50,000	4,37,500	1,75,000	6,12,500
Total	80,000	7,00,000	2,80,000	9,80,000

Notes:

- Investors who invest / subscribe to the units of the scheme post creation of segregated portfolio shall be allotted units in the Main Portfolio only.
- Investors redeeming their units post creation of segregated portfolio will get redemption proceeds based on NAV of main portfolio and will continue to hold units in Segregated portfolio.
- No redemption and / or subscription shall be allowed in the Segregated Portfolio.
- Units of Segregated portfolio shall be listed on a recognised stock exchange

In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:

- a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- c. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.

- d. The trustees shall monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid mis-use of segregated portfolio, trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the scheme.

M. Investment by the AMC, Sponsors, Associate and its Investment Companies

Std. obs. 1

Subject to the SEBI MF Regulations, the sponsors & Investment Companies managed by them, their associate companies, subsidiaries of the sponsors. The funds managed by associates and/or the AMC may acquire a substantial portion of the scheme. Accordingly, redemption of units held by such funds, associates and sponsors may have an adverse impact on the units of the scheme because the timing of such redemption may impact the ability of other unit holders to redeem their units.

AMC shall invest in the scheme based on the risk associated with the scheme as specified in SEBI circular SEBI/HO/IMD/IMD-IDOF5/P/CIR/2021/624 dated September 02, 2021 read with AMFI Best Practice Guidelines Circular 135/BP/100/2022-23 dated April 26, 2022 and any other circulars issued there under, from time to time.

During the NFO period, AMC's investment shall be made during the allotment of units and shall be calculated as a percentage of the final allotment value excluding AMC's investment pursuant to this circular.

In addition to investments as mandated above, the AMC may invest in the Scheme subject to the SEBI (MF) Regulations. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

(Consolidated Std. Obs. 58)

The Scheme may invest in other schemes managed by the AMC or in the schemes of any other Mutual Funds, provided it is in conformity to the investment objective of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments.

N. Investment in Derivatives

The scheme intends to use derivatives for purposes that may be permitted by SEBI Mutual Fund Regulations from time to time. Derivatives instruments may take the form of Futures, Options, Swaps or any other instrument, as may be permitted from time to time.

The Margin for derivative transactions may be placed in the form of such securities/instruments/deposits as may be permitted/eligible to be placed as margin from the assets of the Scheme. The securities/instruments/deposits so placed as margin shall be classified under the applicable category of assets for the purposes of asset allocation.

SEBI has vide its Circular dated September 14, 2005, Circular dated January 20, 2006, Circular dated August 18, 2010 and Circular dated September 27, 2017 specified the guidelines pertaining to trading by Mutual Fund in derivatives. All Derivative positions taken in the portfolio would be guided by the following principles:

i. Position limit for the Fund in index options contracts

- a. The Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Fund in index futures contracts:

- a. The Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Fund may take exposure in equity index derivatives subject to the following limits:

- a. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Fund's holding of stocks.
- b. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for the Fund for stock based derivative contracts

The Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts:-

- a. The combined futures and options limit shall be 20% of applicable Market Wide Position Limit (MWPL)
- b. The MWPL and client level position limits however would remain the same as prescribed

v. Position limit for the Scheme

The position limits for the Scheme and disclosure requirements are as follows-

- a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Fund shall not exceed the higher of:
  - 1% of the free float market capitalisation (in terms of number of shares) Or
  - 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- b. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- c. For index based contracts, the Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index."

Illustration of some derivative transactions:

i) Index Futures:

Benefits

- a) Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.
- b) The scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

The Stock Index futures are instruments designed to give exposure to the equity market indices. BSE Limited and National Stock Exchange of India Limited have started trading in index futures of 1, 2 and 3-month maturities. The pricing of an index future is the function of the underlying index and interest rates.

Example (For illustration purpose only)

Spot Index: 1070

1 month Nifty Future Price on day 1: 1075

Scheme buys 1000 lots

Each lot has a nominal value equivalent to 200 units of the underlying index

Let us say that on the date of settlement, the future price = Closing spot price = 1085

Profits for the Scheme =  $(1085-1075) * 1000 \text{ lots} * 200 = \text{Rs. } 20,00,000$

The net impact for the scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, it is clear from the example that the profit or loss for the scheme will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

Basic Structure of a Stock & Index Future

The Stock Index futures are instruments designed to give exposure to the equity markets indices.

Example using hypothetical figure (For illustration purpose only)

1 month NIFTY 50 Index Future

Say, Fund buys 10,000 futures contracts; each contract value is 50 times futures index price

Purchase Date: December 27, 2022

Spot Index: 6036.25

Future Price: 6081.90

Say, Date of Expiry: January 25, 2023

Say, Margin: 20%

Assuming the exchange imposes total margin of 20%, the Investment Manager will be required to provide total margin of approx. Rs. 60.81 Cr (i.e.  $20\% * 6081.90 * 10000 * 50$ ) through eligible securities and cash.

Date of Expiry

Assuming on the date of expiry, i.e. Jan 25, 2023, Nifty 50 Index closes at 6100, the net impact will be a profit of Rs 90,50,000 for the fund i.e.  $(6100-6081.90)*10000*50$

Futures price = Closing spot price = 6100.00

Profits for the Fund =  $(6100-6081.90)*10000*50 = \text{Rs. } 90,50,000$

The net impact for the Fund will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the example that the profit or loss for the Fund will be the difference of the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

ii) Buying Options:

Benefits of buying a call option:

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

#### Illustration

For example, if the scheme buys a one month call option on ABC Limited at a strike of Rs. 100, the current market price being say Rs.101. The scheme will have to pay a premium of say Rs. 10 to buy this call. If the stock price goes below Rs. 100 during the tenure of the call, the scheme avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The scheme gives up the premium of Rs. 10 that has to be paid in order to protect the fund from this probable downside. If the stock goes above Rs. 100, it can exercise its right and own ABC Limited at a cost price of Rs. 100, thereby participating in the upside of the stock.

#### Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

#### Example (for illustration purpose only)

For example, if the scheme owns XYZ Limited and also buys a three month put option on XYZ Limited at a strike of Rs. 100, the current market price being say Rs. 101. The scheme will have to pay a premium of say Rs. 8 to buy this put. If the stock price goes below Rs. 100 during the tenure of the put, the scheme can still exercise the put and sell the stock at Rs. 100, avoiding therefore any downside on the stock below Rs. 100. The scheme gives up the fixed premium of Rs. 8 that has to be paid in order to protect the scheme from this probable downside. If the stock goes above Rs. 100, say to Rs. 120, it will not exercise its option. The scheme will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 120.

The following section describes some of the more common equity derivatives transactions long with their benefits:

#### Basic Structure of an Equity Option

An option gives a buyer the right but does not cast the obligation to buy or sell the underlying. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

#### Example using hypothetical figures on Index Options (For illustration purpose only):

Market type: N

Instrument Type: OPTIDX

Underlying: Nifty

Purchase date: Dec 27, 2022

Expiry date: January 25, 2023

Option Type: Put Option (Purchased)

Strike Price: Rs. 6,000.00

Spot Price: Rs. 6,036.00

Premium: Rs. 84.00  
 Lot Size: 50  
 No. of Contracts: 1000

Say, the Scheme purchases on December 27, 2022, 1 month Put Options on Nifty on the NSE i.e. put options on 50,000 shares (1000 contracts of 50 shares each) of Nifty.

#### Date of Exercise

As these are European style options, they can be exercised only on the exercise date i.e. January 25, 2023. If the share price of Nifty falls to Rs.5,500 on expiry day, the net impact will be as follows:

Premium expense =  $Rs.84 * 1000 * 50$  Rs. 42,00,000

Option Exercised at = Rs. 5,500

Profits for the Fund =  $(6000.00 - 5,500.00) * 1000 * 50$  = Rs. 2,50,00,000

Net Profit = Rs. 2,50,00,000 – Rs. 42,00,000 = Rs. 2,08,00,000

In the above example, the Investment Manager hedged the market risk on 50,000 shares of Nifty Index by purchasing Put Options.

The premium paid for the option is treated as an expense. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

The Scheme will use derivatives instruments for the purpose hedging or portfolio rebalancing or for any other stock and / or index derivative strategies as allowed under the SEBI regulations.

#### Example of Hedging using Index Futures

The scheme holds stock at current market price of Rs. 100. To hedge the exposure, the scheme will sell index futures for Rs. 100.

The stock will make a gain or a loss subject to its relative out-performance or underperformance of the markets.

Stock A falls by 10% and market index also falls by 10%.

Profit/(Loss) on stock A will be = (Rs. 10)

Profit/(Loss) on Short Nifty futures = Rs. 10

Net Profit/(loss) = Nil

Therefore, hedging allows the scheme to protect against market falls.

Please note that the above examples are only for illustration purposes.

#### Various Derivatives Strategies:

If and where Derivative strategies are used under the scheme the Fund Manager will employ a combination of the following strategies:

##### 1. Index Arbitrage:

As the Nifty 50 Index derives its value from fifty underlying stocks, the underlying stocks can be used to create a synthetic index matching the Nifty Index levels. Also, theoretically, the fair value of a stock/ index futures is equal to the spot price plus the cost of carry i.e. the interest rate prevailing for an equivalent credit risk, in this case is the Clearing Corporation of the NSE.

Therefore, the pricing of Nifty Index futures should be equal to the pricing of the synthetic index created by futures on the underlying stocks. However, due to market imperfections, the index futures may not exactly correspond to the synthetic index futures.

The Nifty Index futures normally trades at a discount to the synthetic Index due to large volumes of stock hedging being done using the Nifty Index futures giving rise to arbitrage opportunities.

The fund manager shall aim to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital.

#### Objective of the Strategy

The objective of the strategy is to lock-in the arbitrage gains.

#### Risks Associated with this Strategy

- Lack of opportunity available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices:

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

### 2. Cash Futures Arbitrage: (Only one way as funds are not allowed to short in the cash market)

The scheme would look for market opportunities between the spot and the futures market. The cash futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock.

The scheme will first buy the stocks in cash market and then sell in the futures market to lock the spread known as arbitrage return.

Buying the stock in cash market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the cash market. Thus, there is a convergence between the cash market and the futures market on expiry. This convergence helps the scheme to generate the arbitrage return locked in earlier. However, the position could even be closed earlier in case the price differential is realized before expiry or better opportunities are available in other stocks. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of-capital.

#### Objective of the Strategy

The objective of the strategy is to lock-in the arbitrage gains.

#### Risk Associated with this Strategy

Lack of opportunity available in the market

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

### 3. Hedging and alpha strategy

The Scheme will use exchange-traded derivatives to hedge the equity portfolio. The hedging could be either partial or complete depending upon the fund manager's perception of the markets. The fund manager shall

either use index futures and options or stock futures and options to hedge the stocks in the portfolio. The Scheme will seek to generate alpha by superior stock selection and removing market risks by selling appropriate index. For example, one can seek to generate positive alpha by buying an IT stock and selling Nifty IT Index future or a bank stock and selling Bank Index futures or buying a stock and selling the Nifty Index.

#### Objective of the Strategy

The objective of the strategy is to generate alpha by superior stock selection and removing market risks by hedging with appropriate index.

#### Risk Associated with this Strategy

- The stock selection under this strategy may under-perform the market and generate a negative alpha.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

4. Other Derivative Strategies: As allowed under the SEBI guidelines on derivatives, the fund manager will employ various other stock and index derivative strategies by buying or selling stock/index futures and/or options.

#### Objective of the Strategy

The objective of the strategy is to earn low volatility consistent returns.

#### Risk Associated with this Strategy

The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices

Execution Risk: The prices which are seen on the screen need not be the same at which execution will take place.

#### Covered Call Strategy

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. The covered call is a strategy in which a seller sells a call option on a stock he owns.

#### Benefits of using Covered Call strategy in Mutual Funds:

The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the scheme. The strategy offers the following benefits:

- a. Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.
- b. Generating additional returns in the form of option premium in a range bound market.

Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction.

Additional risks for writing covered call options for equity shares:

1. Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.
2. The scheme may write covered call option only in case it has adequate number of underlying equity shares as per regulatory requirement. This would lead to setting aside a portion of investment in underlying equity shares. If covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately if the view changes to sell and exit the stock. The covered call options need to be unwound before the stock positions can be liquidated. This may lead to a loss of opportunity or can cause exit issues if the strike price at which the call option contracts have been written become illiquid. Hence, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity.
3. The writing of covered call option would lead to loss of opportunity due to appreciation in value of the underlying equity shares. Hence, when the appreciation in equity share price is more than the option premium received the scheme would be at a loss.
4. The total gross exposure related to option premium paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of Scheme to buy any options.

Illustration – Covered Call strategy using stock call options:

Suppose a fund manager buys equity stock of ABC Ltd. For Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. The scheme earns a premium of say, Rs. 50. Here, the fund manager does not think that the stock price will exceed Rs. 1100.

Scenario 1: Stock price exceeds Rs. 1100

The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at Rs. 1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of Rs. 50.

Net Gain – Rs. 1100 (strike price) – Rs. 1000 (stock purchase price) + Rs. 50 (premium earned) = Rs. 150

Scenario 2: Stock prices stays below Rs. 1100

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.

Net Gain – Rs. 50 (premium earned).

## Debt Derivatives

The scheme may use derivatives instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose that may be permitted by SEBI Mutual Fund Regulations from time to time.

Interest rate swap is a strategy in which one party exchanges a stream of interest for another party's stream. Interest rate swaps are normally 'fixed against floating' but can also be 'fixed against fixed' or 'floating against floating' rate swaps. Interest rate swaps will be used to take advantage of interest-rate fluctuations, by swapping fixed-rate obligations for floating rate obligations or swapping floating rate obligations to fixed-rate obligations.

### i) Advantages of Derivatives

The volatility in Indian debt markets has increased over last few months. Derivatives provide unique flexibility to the Scheme to hedge part of their portfolio. Some of the advantages of specific derivatives are as under:

## ii) Interest Rate Swaps and Forward rate Agreements

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Fund remains in call market for the liquidity and at the same time take advantage of fixed rates by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

The following is an example how derivatives work (For illustration purpose only)

Basic Details: Fixed to floating swap

Notional Amount: Rs. 10 Crores

Benchmark: NSE MIBOR

Deal Tenor: 3 months (say 91 days)

Documentation: International Securities Dealers Association (ISDA).

Let us assume the fixed rate decided was 10%

At the end of three months, the following exchange will take place:

Counter party A pays: compounded call rate for three months, say 9.90%

Counter party B pays fixed rate: 10%

In practice, however, the difference of the two amounts is settled. Counter party B will pay Rs. 10 Crores  $*0.10\% * 91/365 = \text{Rs. } 24,931.5$

Thus, the trade of- for the Scheme will be the difference in call rate and the fixed rate payment and this can vary with the call rates in the market. Please note that the above example is given for illustration purposes only and the actual returns may vary depending on the terms of swap and market conditions.

Risk Factor: The risk arising out of uses of the above derivative strategy as under:

- Lack of opportunities available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

## iii) Interest Rate Futures:

IRF means a standardized interest rate derivative contract traded on a recognized stock exchange to buy or sell a notional security or any other interest bearing instrument or an index of such instruments or interest rates at a specified future date, at a price determined at the time of the contract.

Hedging using interest rate futures could be perfect or imperfect, subject to applicable regulations.

Currently, exchange traded Interest Rate Futures traded on exchange are standardized contracts based on 10-Year Government of India Security and 91 day Treasury bill. IRF contracts are cash settled.

IRFs give an opportunity in the fixed income market to hedge interest rate risk or rebalance the portfolio by using them. By locking into a price, the IRF contract can help to eliminate the interest rate risk. Thus, in order to protect against a fall in the value of the portfolio due to falling bond prices, one can take short position in IRF contracts.

Example:

Date: December 01, 2022

Spot price of the Government Security: Rs.108.80

Price of IRF– December contract: Rs. 108.90

On December 01, 2022, Fund buys 10000 units of the Government security from the spot market at Rs. 108.80. Subsequently, it is anticipated that the interest rate will rise in the near future. Therefore, to hedge the exposure in underlying Government security, Fund sells December 2022 Interest Rate Futures contracts at Rs. 108.90.

On December 15, 2022 due to increase in interest rate:

Spot price of the Government Security: Rs. 107.25

Futures Price of IRF Contract: Rs.107.30

Loss in underlying market will be  $(107.25 - 108.80) * 10000 = (\text{Rs. } 15,500)$

Profit in the Futures market will be  $(107.30 - 108.90) * 10000 = \text{Rs. } 16,000$

#### Illustration for Imperfect Hedging

##### Scenario 1 and 2

Assumption: Portfolio whose duration is 3 years, is being hedged with an IRF whose underlying securities duration is 10 years

Portfolio Duration: 3 year

Market Value of Portfolio: Rs 100 cr

Imperfect Hedging cannot exceed 20% of Portfolio.

Maximum extent of short position that may be taken in IRFs is as per below mentioned formula:

Portfolio (security) Modified Duration \* Market Value of Portfolio (security) / (Futures Modified Duration \* Futures Price/PAR)

Consider that we choose to hedge 20% of portfolio

$(3 * (0.2 * 100)) / (10 * 100/100) = \text{Rs } 6 \text{ cr}$

So we must Sell Rs 6 cr of IRF with underlying duration of 10 years to hedge Rs 20 cr of Portfolio with duration of 3 years.

##### Scenario 1

If the yield curve moves in a way that the 3 year moves up by 10 bps and the 10 year moves up by 5bps, which means that the short end has moved up more than the long end

Amount of Security in Portfolio (LONG): Rs 20cr

If yields move up buy 10 bps then the price of the security with a modified duration of 3 years will move down by;

Formula: (Yield movement \* Duration) \* Portfolio Value

$((0.001 * 3) * 20,00,00,000) = - 6,00,000$

Underlying IRF (SHORT): Rs 6crs

If yields move up buy 5bps then the price of the security with a duration of 10 years will move down by;

Formula: (Yield movement \* Duration) \* Portfolio Value

$(-0.0005 * 10) * 6,00,00,000 = 3,00,000$

Since we have sold the IRF, this movement is positive and hence the total loss will be reduced to:

$-6,00,000 + 3,00,000 = -3,00,000$

Due to IRF, the overall impact on the portfolio due to interest rate movement has been reduced.

##### Scenario 2

If the yield curve moves in a way that the 3 year does not move and the 10 year moves down by 5 bps, which means that the yield curve has flattened.

If yield does not move then the price of the security with a duration of 3 years will remain flat:

Formula: (Yield movement \* Duration) \* Portfolio Value

$(0 * 3) * 20,00,00,000 = 0$

Underlying IRF (SHORT): Rs 6cr

If yields moves down by 5bps then the price of the security with a duration of 10 years will move up by;

$(0.0005 * 10) * 6,00,00,000 = -3,00,000$

In this scenario, the imperfect hedge created on the portfolio would create a loss on the total position.

#### O. Comparison between the Schemes

Not applicable

P. How has the Scheme performed?

This scheme is a new scheme and does not have any performance track record.

Q. Additional Disclosures for the Scheme

1. Scheme Portfolio

- Top 10 holdings - Not applicable
- Sector wise holdings – not applicable

Investors can refer to the scheme's latest portfolio from the website [www.bajajamc.com](http://www.bajajamc.com).

2. Portfolio Turnover Ratio – Not applicable

3. Investments held by following categories of investors

Investor category	Amount (Rs.)
AMC's Board of Directors	-
Scheme Fund Manager	-
Other Key Personnel	-

The above disclosures are not applicable since this scheme is a new scheme and does not contain any details.

## VIII. UNITS AND OFFER

### A. New Fund Offer (NFO)

<p><b>New Fund Offer Period</b> This is the period during which a new scheme sells its units to the investors.</p>	<p>NFO opening date: September 08, 2023 NFO closing date: September 13, 2023</p> <p>As permitted by SEBI, NFO shall remain open for subscription for minimum period of three (3) working days but not more than fifteen (15) calendar days. Any extension or change to the NFO dates will be subject to the requirement of NFO period not exceeding 15 days. Any extension to the NFO period within the permitted limit will be informed by means of publication in 2 newspapers, intimation on the website and display on the notice board at each of the official point for acceptance of transactions for the mutual fund. The AMC reserves the right to close the subscription period early by giving prior notice of atleast one day in one English daily newspaper with nationwide circulation and in the language of the newspaper where the Head Office of the mutual fund is located.</p> <p>Electronic Payments including RTGS, NEFT and cheques/transfer instructions will be accepted till Wednesday, September 13, 2023.</p> <p>Pay Orders / Bank Drafts / MICR Cheques / Outstation Cheques / Non CTS Cheques, etc; will not be accepted during the NFO Period.</p> <p>Valid Switch request received from all schemes of Bajaj Finserv Mutual Fund before 3 pm on Wednesday, September 13, 2023.</p>
<p><b>New Fund Offer Price:</b> This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>Rs. 10/- per unit</p>
<p><b>Minimum Amount for Application</b></p>	<p><b>During NFO:</b> Minimum application amount (lumpsum) - Rs. 500 and in multiples of Re. 1. Systematic Investment Plan (SIP):</p> <ul style="list-style-type: none"> <li>• From Rs. 500 upto Rs. 1,000: minimum 60 instalments.</li> <li>• Above Rs. 1,000: minimum 6 instalments.</li> </ul> <p>Minimum application amount will not be applicable for investments made in the scheme</p>

	pursuant to SEBI Circular dated April 28, 2021, SEBI Circular dated September 20, 2021 on alignment of interest of designated employees of the AMC with the unitholders of mutual fund schemes.																												
<p><b>Minimum Target amount</b> This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the date of closure of the subscription period.</p>	Rs. 10,00,00,000/- (Rupees Ten crore only)																												
<p><b>Maximum Amount to be raised (if any)</b> This is the maximum amount which can be collected during the NFO period, as decided by the AMC.</p>	The AMC does not specify any maximum amount of subscription in the scheme.																												
<p><b>Plans / Options offered</b></p>	<p>Bajaj Finserv Arbitrage Fund – Direct Plan Bajaj Finserv Arbitrage Fund – Regular Plan</p> <p>Both the Plans will have a common portfolio. Both the Plans will offer the following options:</p> <ul style="list-style-type: none"> <li>• Growth option – This option is suitable for investors who are not seeking IDCW.</li> <li>• Income Distribution cum Capital Withdrawal (IDCW) option – This option is suitable for investors who are seeking IDCW as and when declared by the scheme. The scheme will aim to declare IDCW subject to availability of distributable surplus and approval from Trustees.</li> </ul> <p>IDCW option will offer the following sub-options:</p> <ul style="list-style-type: none"> <li>• Payout of IDCW sub-option</li> <li>• Reinvestment of IDCW sub-option</li> <li>• Transfer of IDCW sub-option</li> </ul> <p>Default Plan would be as follows:</p> <table border="1"> <thead> <tr> <th>ARN</th> <th>Code mentioned/not mentioned by investor</th> <th>Plan mentioned by investor</th> <th>Default Plan</th> </tr> </thead> <tbody> <tr> <td></td> <td>Not mentioned</td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td></td> <td>Not mentioned</td> <td>Direct Plan</td> <td>Direct Plan</td> </tr> <tr> <td></td> <td>Not mentioned</td> <td>Regular Plan</td> <td>Direct Plan</td> </tr> <tr> <td></td> <td>Mentioned</td> <td>Direct Plan</td> <td>Direct Plan</td> </tr> <tr> <td></td> <td>Direct</td> <td>Not mentioned</td> <td>Direct Plan</td> </tr> <tr> <td></td> <td>Direct</td> <td>Regular Plan</td> <td>Direct Plan</td> </tr> </tbody> </table>	ARN	Code mentioned/not mentioned by investor	Plan mentioned by investor	Default Plan		Not mentioned	Not mentioned	Direct Plan		Not mentioned	Direct Plan	Direct Plan		Not mentioned	Regular Plan	Direct Plan		Mentioned	Direct Plan	Direct Plan		Direct	Not mentioned	Direct Plan		Direct	Regular Plan	Direct Plan
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	<table border="1"> <tr> <td>Mentioned</td> <td>Regular Plan</td> <td>Regular Plan</td> </tr> <tr> <td>Mentioned</td> <td>Not mentioned</td> <td>Regular Plan</td> </tr> </table> <p>Default option between Growth and IDCW would be Growth option.</p> <p>In case of IDCW, default sub-option would be reinvestment of IDCW.</p> <p>Bajaj Finserv Arbitrage Fund - Direct Plan is only for investors who purchase /subscribe units in a Scheme directly with the Fund.</p> <p>Investors are requested to note that any change undertaken in any of IDCW sub-option due to additional investment undertaken in the scheme or as per the request received from the investor would be applicable to all the existing units held in the particular sub-option. This provision would however not be applicable for transactions undertaken or for units held in Demat mode.</p>	Mentioned	Regular Plan	Regular Plan	Mentioned	Not mentioned	Regular Plan
Mentioned	Regular Plan	Regular Plan					
Mentioned	Not mentioned	Regular Plan					
IDCW Policy	<p>The Scheme may declare IDCW subject to the availability of distributable surplus and approval from Trustees. IDCW would become payable to the unitholders whose names appear on the register of unitholders on the record date as fixed for the scheme. The IDCW declared will be paid net of tax deducted at source, wherever applicable. There is no assurance or guarantee to the Unit holders as to the rate of IDCW distribution nor that the IDCW will be paid regularly. If the Fund declares IDCW, the NAV of the Scheme would stand reduced by the amount of IDCW paid. All the IDCW payments shall be in accordance and compliance with SEBI, Stock Exchange Guidelines, as applicable from time to time.</p> <p>IDCW is the amount that can be distributed out of equalisation reserve which is part of the sale price that represents realised gains. Any IDCW upto Rs. 100/- shall be compulsorily reinvested in the same option under the scheme at prevailing NAV on record date.</p>						
Allotment	<p>All Applicants whose investments towards subscription of units in the scheme have realised would receive a full and firm allotment of units, provided the applications are complete in all respects and are found to be in order. For applicants applying through 'APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA)', on</p>						

	<p>allotment, the amount will be unblocked in their respective bank accounts and account will be debited only to the extent required to pay for allotment of Units applied in the application form.</p> <p>The AMC shall allot units within 5 Business Days from the date of closure of the NFO period. The AMC retains the sole and absolute discretion to reject any application. Applicants under the Scheme will have an option to hold the Units either in physical form (i.e. account statement) or in demat form.</p> <p><b>Dematerialization</b> (Consolidated Std. Obs. 57(b))</p> <p>The Applicants intending to hold units in Demat mode would be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and would be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units during the NFO. The Units allotted will be credited to the DP account of the investor as per the details provided in the application form. The statement of holding of the beneficiary account holder for units held in Demat mode would be sent by the respective DPs periodically. It may be noted that trading and settlement in the units of the scheme over the stock exchange(s) (where the units are listed/ will be listed) will be permitted only in electronic form.</p> <p>However, the Trustee / AMC reserves the right to change the dematerialization / rematerialization process in accordance with the procedural requirements laid down by the Depositories, viz. NSDL/ CDSL and/or in accordance with the provisions laid under the Depositories Act, 1996. All units will rank pari passu among units within the same option in the scheme concerned as to assets, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee.</p>
Refund	<p>If application is rejected, then full amount would be refunded within 5 business days of the closure of New Fund Offer Period. If refunded after the time period stipulated under the Regulations, interest at 15% p.a. for delay period would be borne by the AMC and paid to the investor.</p>
Who can invest	<p>The following persons are eligible and may apply for subscription to the units of the scheme (subject, wherever relevant, to subscription of</p>

<p>This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.</p>	<p>units of Mutual Fund being permitted under relevant statutory regulations):</p> <ul style="list-style-type: none"> <li>• Resident adult individual either singly or jointly (not exceeding four)</li> <li>• Minor through parent/lawful guardian</li> <li>• Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860 (so long as the subscription of units is permitted under their respective constitutions)</li> <li>• Religious and Charitable Trusts under the provisions of Section 11(5)(xii) of the Income Tax Act, 1961 read with Rule 17C of Income-tax Rules, 1962</li> <li>• Partnership Firms</li> <li>• Karta of Hindu Undivided Family (HUF)</li> <li>• Banks and Financial Institutions</li> <li>• Non-resident Indians (NRI)/Persons of Indian Origin (PIO) residing abroad on full repatriation basis or on non repatriation basis</li> <li>• Army, Air Force, Navy and other para-military funds</li> <li>• Scientific and Industrial Research Organizations</li> <li>• Mutual fund Schemes, as per applicable regulations</li> <li>• Foreign Portfolio Investor subject to the applicable regulations</li> <li>• Any other category of investor who may be notified by Trustees from time to time by display on the website of the AMC.</li> </ul> <p>Every investor, depending on any of the above category under which he/she/ it/they fall are required to provide relevant documents alongwith the application form as may be prescribed by AMC.</p> <p>The following persons are not eligible to invest in the scheme and apply for subscription to the units of the scheme:</p> <ul style="list-style-type: none"> <li>• A person who falls within the definition of the term “U.S. Person” under ‘Regulation S’ promulgated under the Securities Act of 1933 of the United States, as amended, and corporations or other entities organised under the laws of the U.S. are not eligible to invest in the schemes and apply for subscription to the units of the schemes, except for lump sum subscription, systematic transactions and switch transactions requests received from</li> </ul>
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	<p>NRI/PIO who at the time of such investment, are present in India and submit a physical transaction request along with such documents as may be prescribed by the AMC. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC. The investor shall be responsible for complying with all the applicable laws for such investments.</p> <ul style="list-style-type: none"> <li>• A person who is resident of Canada</li> <li>• Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time</li> </ul> <p>The AMC reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard. Investors are requested to note that the AMC shall not be liable for any loss or expenses incurred in respect of those transaction requests/allotted units which have been kept on hold or rejected or reversed.</p>
<p>Where can you submit the filled up applications</p>	<p>KFIN Technologies Limited SEBI Registration - INR000000221 Address – Selenium Building, Tower-B, Plot No. 31 &amp; 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, R. R. District, Telangana India - 500 032 Contact no. – 040-67162222/ 040-79611000 Email – <a href="mailto:service.bajajmf@kfintech.com">service.bajajmf@kfintech.com</a> Website – <a href="http://www.kfintech.com">www.kfintech.com</a></p> <p>Details pertaining to official point of acceptance of transactions have been provided in the back cover pages of the SID.</p> <p>Investors can log on to the website <a href="http://www.bajajamc.com">www.bajajamc.com</a> to invest in the scheme.</p> <p>Pursuant to SEBI Circular dated March 15, 2010, an investor can also subscribe to the NFO through ASBA facility. ASBAs can be accepted only by SCSB's whose names appear in the list of SCSBs as displayed by SEBI on its website <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>.</p>
<p>How to Apply (Consolidated Std. Obs. 35)</p>	<p>Investor can obtain application form / Key Information Memorandum (KIM) from Bajaj Finserv AMC branch offices, Investor services centers and RTA's (Kfin) branch office.</p>

	<p>Investors can also download application form / Key Information Memorandum (KIM) from our website (<a href="http://www.bajajamc.com">www.bajajamc.com</a>)</p> <p>Please refer to the SAI and Application form for the instructions.</p>
Listing	<p>The scheme is an open ended equity scheme and would not be listed on any of the stock exchanges. The AMC, at its discretion, can undertake listing on any of the stock exchange.</p>
Special Products / facilities available during the NFO	<p><b><u>Systematic Investment Plan (SIP)</u></b></p> <p>Investors can undertake investing on a specified periodic basis and aim to take advantage from rupee cost averaging through SIP in the scheme.</p> <p>The following SIP frequency will be available to the investors:</p> <ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• Fortnightly</li> <li>• Monthly</li> <li>• Quarterly</li> </ul> <p>The applicability of the minimum amount of instalment mentioned is at the time of registration only. In case SIP date falls on a non-business day or on a day that is not available in the particular month, the instalment would be processed on next business day.</p> <p>Investors can subscribe for SIP by using NACH facilities offered by the Banks. The cheque for investment in the scheme should be in favor of “Bajaj Finserv Arbitrage Fund” and crossed “Account Payee Only”, and the cheques must be payable at the center where the applications are submitted to the Investor Service Centre.</p> <p>In case of fresh/additional subscription, if the name of the scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft, then the AMC would allot units under the scheme mentioned on the application form/ transaction slip. In case of fresh/additional subscription, if the scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the scheme mentioned on the Cheque/Demand Draft. The option that would be considered in such cases if not specified by the</p>

	<p>customer would be the default option of the Scheme. However, in case additional subscription is under the same scheme as fresh subscription, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh subscription.</p> <p>Further, Investors/ unitholders subscribing for SIP are required to submit SIP request at least 21 business days prior to the date of first debit date and SIP start date shall not be beyond 21 business days from the date of submission of request for SIP. Units would be allotted for the amount net of bank charges, if any. On receipt of the post-dated cheque, the Registrar/AMC would send a letter to the investor confirming that the name has been included in the SIP. The cheque would be presented on the dates mentioned on the cheque and units would be allotted accordingly. A fresh Account Statement / Transaction Confirmation would be mailed to the investor indicating the new balance in the Account. An investor would have the right to discontinue the SIP, subject to giving 21 business days prior notice to the subsequent date of SIP instalment.</p> <p><u>Terms and conditions</u></p> <ul style="list-style-type: none"> <li>• <u>New Investor</u> – If the investor fails to mention the scheme name in the SIP Mandate Form, then the AMC reserves the right to register the SIP as per the scheme name available in the main application.</li> <li>• <u>Existing Investor</u> – If the investor fails to mention the scheme name in the SIP Mandate Form, then the AMC reserves the right to register the SIP in the current scheme.</li> <li>• In case SIP date is not selected, then the SIP will be registered on 10<sup>th</sup> (default date) of each Month/Quarter, as applicable. Further if multiple SIP dates are opted for or if the selection is not clear, then the SIP would be registered for 10<sup>th</sup> of each Month/Quarter, as applicable.</li> <li>• If the Investor has not mentioned the SIP start Month, SIP would commence from the next applicable month, subject to completion of 21 business days time from the receipt of SIP request.</li> <li>• In case the SIP 'End period' is incorrect or not mentioned by the Investor in the SIP form,</li> </ul>
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	<p>then 31<sup>st</sup> December 2099 from the start date would be considered as default End Period.</p> <ul style="list-style-type: none"> <li>• For SIP applications received during NFO Period, the SIP start date would be atleast 21 business days after the NFO allotment date.</li> </ul> <p><u>SIP TOP UP Facility:</u></p> <ol style="list-style-type: none"> <li>Investors can opt for SIP TOP UP facility with Fixed Top Up option or Variable Top Up option wherein the amount of the SIP could be increased at fixed intervals. In case the investor opts for both options, the Variable Top Up option would be triggered.</li> <li>The Fixed TOP UP amount shall be for minimum Rs. 500/- and in multiples of Rs. 1/- thereafter.</li> <li>Variable TOP UP would be available in at 5%, 10% and 15% and such other denominations (over and above 5%, 10% and 15%) as opted by the investor in multiples of 5%. An investor can also TOP UP the SIP in amount terms by keeping minimum top up of Rs. 500.</li> <li>The frequency is fixed at Yearly and Half Yearly basis. In case the TOP UP facility is not opted by ticking the appropriate box and frequency is not selected, the TOP UP facility may not be registered.</li> <li>In case of Quarterly SIP, only the Yearly frequency is available under SIP TOP UP.</li> <li>SIP Top-Up facility shall be available to all the investors.</li> </ol> <p><u>Top-Up Cap amount or Top-Up Cap month-year:</u></p> <p>Top-Up Cap amount: Investor has an option to freeze the SIP Top-Up amount once it reaches a fixed predefined amount. The fixed pre-defined amount should be same as the maximum amount mentioned by the investor in the bank mandate. In case of difference between the Cap amount and the maximum amount mentioned on Bank mandate, then amount which is lower of the two amounts shall be considered as the default amount of SIP Cap amount.</p> <p>Top-Up Cap month-year: It is the date from which SIP Top-Up amount would cease and last SIP instalment including Top-Up amount would remain constant from Cap date till the end of SIP tenure.</p>
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	<p>Investor shall have flexibility to choose either Top-Up Cap amount or Top-Up Cap month- year. In case of multiple selection, Top-Up Cap amount would be considered as default selection.</p> <p>All the investors of the scheme subscribing the facility under SIP Variable Top – Up feature are hereby requested to select either Top – Up Cap amount or Top – Up Cap month – year. In case of no selection, the SIP Variable Top – Up amount would be capped at a default amount of Rs. 10 lakhs.</p> <p>Under the said facility, SIP amount would remain constant from Top – Up Cap date/ amount till the end of SIP Tenure.</p> <p><u>Micro Systematic Investment Plan (Micro SIP):</u></p> <p>Micro SIP/PAN Exempt Investments In line with SEBI letter no. OW/16541/2012 dated July 24, 2012 addressed to AMFI, Investments in the mutual fund schemes including investments through Systematic Investment Plans (SIPs) up to Rs. 50,000/- per investor per year shall be exempted from the requirement of PAN.</p> <p>The investor will have the facility of investing by Micro SIP under the current SIP facility. The Minimum Investment amount per instalment would be as per applicable minimum investment amount of the scheme. The total investment under Micro SIP cannot exceed Rs. 50,000/-.</p> <p>Micro Investment: If the investment amount (fresh subscription &amp; additional subscription) and Micro SIP instalments by an investor in a financial year i.e April to March does not exceed Rs. 50,000/-, it shall be exempt from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory. Accordingly, investors seeking the above exemption for PAN need to submit the KYC Acknowledgement, irrespective of the amount of investment. This exemption will be available only to Micro investment made by the individuals being Indian citizens (including NRIs, Joint holders, minors acting through guardian and sole proprietary firms). PIOs, HUFs, QFIs and other categories of investors would not be eligible for availing this exemption.</p>
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	<p>SIP Top-Up facility shall not be available in case of Micro-SIP.</p> <p><u>Mode of Payment for SIP:</u> In case of SIP with payment mode as Standing Instruction / NACH, Investors are required to submit a cancelled cheque or a photocopy of a cheque of the bank account for which the debit mandate is provided.</p> <p>Investors are requested to note that holding of units through Demat Option is also available. The units would be allotted based on the applicable NAV and would be credited to investors' Demat account on T + 2 days basis upon realization of funds.</p> <p>The investors shall note that for holding the units in demat form, the provisions laid down in the SID and SEBI Regulations, procedural requirements as laid by the Depositories (NSDL/CDSL) shall be applicable. In case the investor wishes to convert the units held in non-demat mode to demat mode or vice versa at a later date, such request along with the necessary form should be submitted to their Depository Participant(s). Units held in demat form would be freely transferable, subject to the applicable regulations and the guidelines as may be amended from time to time. Investors/unitholders subscribing for SIP are required to submit SIP request at least 21 business days prior to the date of first debit date and SIP start date shall not be beyond 100 days from the date of submission of request for SIP.</p> <p><u>Facility of National Automated Clearing House (NACH) Platform in Systematic Investment Plan (SIP):</u> In addition to existing facility available for payments through Standing Instructions for investments in SIP, the NACH facility can also be used by the investors to make payment of SIP instalments. NACH is a centralized system launched by National Payments Corporation of India (NPCI) with an aim to consolidate multiple Electronic Clearing Service (ECS) mandates. This facility would enable the investors of the scheme to make SIP investments through NACH by filling up the SIP Registration cum mandate form. A Unique number will be allotted to every mandate registered under NACH called as Unique Mandate</p>
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	Reference Number (“UMRN”) which can be used for SIP transactions. The NACH facility shall be available subject to terms and conditions contained in the Easy Pay Debit Mandate Form and as prescribed by NPCI from time to time.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	This is not applicable for the scheme.
Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p>The units of the scheme can be transferred in demat form or in such form as may be permitted under SEBI Regulations, as amended from time to time.</p> <p>Additions/ deletion of names will not be allowed under any folio of the scheme. This however will not apply in case of death of unitholder (in respect of joint holdings) as this would be treated as transmission of units and not transfer.</p>
Option to hold units in Demat form (Consolidated Std. Obs. 57(a))	<p>Investor has an option to subscribe units of the scheme in demat form in accordance with the provisions of the Scheme Information Document and in terms of the guidelines as laid by the Depositories (NSDL/CDSL) from time to time.</p> <p>In case, the investor desires to hold units in a Demat/Remat form at a later date, the request for conversion of units held in non-demat form into Demat form or vice-versa should be submitted along with a Demat/Remat Request Form to the Depository Participants.</p> <p>Units held in demat form would be transferable subject to the provisions of the Scheme Information Document and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.</p>
<p>Account Statement</p> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Std. obs. 18</div> <p>(Consolidated Std. Obs. 60)</p>	<ul style="list-style-type: none"> <li>The AMC shall allot the units to the applicant whose application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS to the applicant’s registered email address and/or mobile number within five business days from the date of closure of the NFO.</li> <li>The AMC shall issue to the investor whose application has been accepted, an account statement specifying the number of units</li> </ul>

	<p>allotted within five business days of closure of NFO/transaction.</p> <ul style="list-style-type: none"> <li>• For allotment undertaken in demat form, the account statement shall be sent by the depository / depository participant and not by the AMC. For NFO allotment in demat form, the AMC shall issue units in dematerialized form to a unit holder within two working days of the receipt of request from the investor.</li> <li>• For those investors who have provided an e-mail address, the AMC would send the account statement by e-mail instead of physical statement. The investor may request for an account statement by contacting us at any of the service centers and the AMC shall provide the account statement to the investor within five business days from the receipt of such request.</li> </ul>
Investment by Sponsor/AMC	Based on the risk value assigned to the scheme, the Sponsor/AMC shall invest minimum amount as a percentage of AUM in the scheme in accordance with SEBI Circular issued in this regard.
ASBA facility	<p>In line with SEBI circular No. SEBI/IMD/CIR No 18/ 198647/2010 dated March 15, 2010 and Cir/IMD/DF/6/2010 dated July 28, 2010 and circular issued from time to time, all the new scheme (NFOs) launched on or after October 01, 2010 shall offer ASBA facility to the investors subscribing to New Fund Offer (NFOs) of Bajaj Finserv Mutual Fund Schemes. This facility shall co – exist with the current process, wherein cheques/demand drafts are used as a mode of payment.</p> <p>Investors may also apply through the ASBA facility by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in the ASBA form.</p> <p>Presently ASBA is offered by selected Self Certified Syndicate Banks (SCSBs) which are registered with SEBI for offering the facility.</p> <p>Investors are requested to check with their respective banks about the availability of the ASBA facility. For the complete list of controlling / designated branches of above mentioned SCSB's, please refer to the websites of SEBI, BSE and NSE at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a>, <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a></p>

<p>Bank Account Details (Consolidated Std. Obs. 61)</p> <p>Std. obs. 19</p>	<p>It is mandatory for applicants to mention their bank account numbers in their applications for subscription or redemption of units of the Scheme. If the investor fails to provide the bank mandate, the request for redemption would be considered as not valid and the scheme retains the right to withhold the redemption until a proper bank mandate is furnished. Any provision with respect of penal interest in such cases will not be applicable.</p> <p><u>Bank Mandate Requirement</u></p> <p>For all fresh subscription transactions made by means of a cheque, if cheque provided alongwith fresh subscription/new folio creation does not belong to the bank mandate opted in the application form, any one of the following documents needs to be submitted.</p> <ol style="list-style-type: none"> <li>1) Original cancelled cheque having the First Holder Name printed on the cheque.</li> <li>2) Original bank statement reflecting the First Holder Name, bank account number and bank name as specified in the application.</li> <li>3) Photocopy of the bank statement duly attested by the bank manager with designation, employee number and bank seal.</li> <li>4) Photocopy of the bank pass book duly attested by the bank manager with designation, employee number and bank seal.</li> <li>5) Photocopy of the bank statement/passbook/cheque duly attested by the AMC officials after verification of original bank statement/passbook shown by the investor or their representative.</li> <li>6) Confirmation by the bank manager with seal, designation and employee number on the bank's letter head confirming the name of investor, account type, bank branch, MICR and IFSC code of the bank branch. The letter should not be older than 3 months.</li> </ol> <p>This condition is also applicable to all subscription transactions made by means of a Demand Draft. In case the application is not accompanied by the aforesaid documents, the AMC reserves the right to reject the application, also the AMC will not be liable in case the redemption/IDCW proceeds are credited to wrong account in absence of above documents.</p>
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	<p>In case the bank account details are not mentioned or found to be incomplete or invalid in a subscription application, then the AMC may consider the account details as appearing in the investment amount cheque and the same shall be updated under the folio as the payout bank account for the payment of redemption/IDCW amount etc. The aforementioned updation of bank account shall however be subject to compliance with the third party investment guidelines issued by Association of Mutual Funds in India (AMFI) from time to time.</p> <p>The AMC reserves the right to call for any additional documents as may be required, for processing of such transactions with missing/incomplete/invalid bank account details. The AMC also reserves the right to reject such applications.</p>
Cash Investments	The AMC would not accept cash for investment in the scheme.

## B. Ongoing Offer Details

<p><b>Ongoing Offer Period</b> This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Scheme is an open ended equity scheme. Units issued under the scheme shall be available for ongoing repurchase /redemption /sale /switches / subscription within five business days from the date of allotment.</p> <p>Units of the scheme shall also be available for purchase/subscription and redemption/sale on an ongoing basis on every business day at NAV based prices.</p>
<p><b>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors.</b> This is the price you need to pay for subscription/switch-in.</p>	<p>The subscription price of the units issued under the scheme would be based on the Applicable NAV. Subscription Price = Applicable NAV</p> <p>Example: An investor invests Rs 30,000 and the current NAV is Rs. 30 then the subscription price will be Rs. 30 and the investor would receive <math>30,000/30 = 1,000</math> units.</p> <p>The scheme would comply with SEBI circular dated June 30, 2009 regarding applicability of entry load.</p>
<p><b>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</b> This is the price you will receive for redemptions/switch outs. Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: <math>Rs. 10 * (1-0.02) = Rs. 9.80</math></p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-left: auto; margin-right: auto;">Std. obs. 17(b)</div>	<p>In case of redemption/switch out, where the same is undertaken prior to completion of exit load period, an investor would get NAV after reducing the applicable exit load. In case the investor redeems/switches out after completion of exit load period, the investor would get NAV without any impact of exit load.</p> <p>Investors must note that the redemption price would not lower than 95% of the scheme NAV. (Consolidated Std. Obs. 47)</p>
<p><b>Cut off timing for subscriptions/redemptions/switches</b> This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Cut off timing for subscriptions/ redemptions/switches:</p> <p>In case of Subscription/Switch-in for any amount:</p> <ul style="list-style-type: none"> <li>• In respect of valid applications received upto 3.00 p.m. on a Business Day at the official point of acceptance of transactions and where the funds for the entire amount of subscription/purchase as per the application/Switch-in request, are available for utilization before the cut-off time i.e. 3.00 p.m. – the closing NAV of the day shall be applicable.</li> <li>• In respect of valid applications received after 3.00 p.m. on a Business Day at the official point of acceptance of transactions and where the funds for the entire amount of</li> </ul>

	<p>subscription/purchase as per the application/Switch-in request, are available for utilization either on the same day or before the cut-off time of the next business day – the closing NAV of the next Business Day shall be applicable.</p> <ul style="list-style-type: none"> <li>Irrespective of the time of receipt of application at the official point of acceptance of transactions, where the funds for the entire amount are available for utilization before the cut-off time on any subsequent Business Day – the closing NAV of such subsequent Business Day shall be applicable.</li> </ul> <p>In case of investments through Systematic Investment Plan (SIP), Systematic Transfer Plans (STP), Other STP methods as may be offered by the AMC, IDCW Transfer, Trigger etc. the units would be allotted as per the closing NAV of the day on which the funds are available for utilization irrespective of the instalment date of the SIP, STP or record date of IDCW etc.</p> <p>Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators/Banks/Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the Scheme's bank account, leading to a gap/delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment.</p> <p>Redemptions including switch-outs:</p> <ul style="list-style-type: none"> <li>In respect of valid applications received upto 3.00 pm on a business day by the Mutual Fund, same day's closing NAV shall be applicable. In respect of valid applications received after the cut off time by the Mutual Fund, the closing NAV of the next business day shall be applicable.</li> </ul>
Where can the applications for subscription/redemption/ switches be submitted?	<p>Investors can log onto the website <a href="http://www.bajajamc.com">www.bajajamc.com</a> for subscription/redemption/switches in the scheme.</p> <p>Investors can submit applications for subscription/redemption/switches at any of the official point of acceptance of transactions at the</p>

	branches of the AMC or the office of the Registrar as provided back cover page.
Minimum amount for subscription /redemption / switches	<p><b>During ongoing offer:</b>  Fresh subscription – Rs. 500/- and in multiples of Re. 1/-  Minimum additional application amount – Rs. 100/- and in multiples of Re. 1/-  Systematic Investment Plan (SIP):</p> <ul style="list-style-type: none"> <li>• From Rs. 500 upto Rs. 1,000: minimum 60 instalments.</li> <li>• Above Rs. 1,000: minimum 6 instalments.</li> </ul> <p>Minimum amount for switch-in – Rs. 500 and in multiples of Re. 1.</p> <p>Minimum redemption amount – Rs. 500 and in multiples of Re. 0.01/- or the account balance of the investor whichever is less.</p> <p>Minimum amount for switch-out – Rs. 500 and in multiples of Re. 0.01/-.</p> <p>Two-Factor Authentication will be applicable for subscription as well as redemption transactions in the units of Mutual Fund.</p> <p>For more information, please refer SAI.</p>
Minimum balance to be maintained and consequences of non maintenance (Consolidated Std. Obs. 36)	There is no minimum balance to be maintained in the scheme and accordingly there are no consequences on the investors for failure to maintain minimum balance in the scheme.
Special Products available	<p><b>Systematic Investment Plan (SIP)</b>  Investors can undertake investing on a specified periodic basis and aim to take advantage from rupee cost averaging through SIP in the scheme.</p> <p>The following SIP frequency will be available to the investors:</p> <ul style="list-style-type: none"> <li>• Daily</li> <li>• Weekly</li> <li>• Fortnightly</li> <li>• Monthly</li> <li>• Quarterly</li> </ul> <p>The applicability of the minimum amount of instalment mentioned is at the time of registration only. In case SIP date falls on a non-business day or on a day that is not available in the particular month, the instalment would be processed on next business day.</p>

	<p>Investors can subscribe for SIP by using NACH facilities offered by the Banks. The cheque for investment in the scheme should be in favor of “Bajaj Finserv Arbitrage Fund” and crossed “Account Payee Only”, and the cheques must be payable at the center where the applications are submitted to the Investor Service Centre.</p> <p>In case of fresh/additional subscription, if the name of the scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft, then the AMC would allot units under the scheme mentioned on the application form/ transaction slip. In case of fresh/additional subscription, if the scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the scheme mentioned on the Cheque/Demand Draft. The option that would be considered in such cases if not specified by the customer would be the default option of the Scheme. However, in case additional subscription is under the same scheme as fresh subscription, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh subscription.</p> <p>Further, Investors/ unitholders subscribing for SIP are required to submit SIP request at least 21 business days prior to the date of first debit date and SIP start date shall not be beyond 21 business days from the date of submission of request for SIP. Units would be allotted for the amount net of bank charges, if any. On receipt of the post-dated cheque, the Registrar/AMC would send a letter to the investor confirming that the name has been included in the SIP. The cheque would be presented on the dates mentioned on the cheque and units would be allotted accordingly. A fresh Account Statement / Transaction Confirmation would be mailed to the investor indicating the new balance in the Account. An investor would have the right to discontinue the SIP, subject to giving 21 business days prior notice to the subsequent date of SIP instalment.</p> <p><u>Terms and conditions</u></p> <ul style="list-style-type: none"> <li>• <u>New Investor</u> - If the investor fails to mention the scheme name in the SIP Mandate Form,</li> </ul>
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	<p>then the AMC reserves the right to register the SIP as per the scheme name available in the main application.</p> <ul style="list-style-type: none"> <li>• <u>Existing Investor</u> - If the investor fails to mention the scheme name in the SIP Mandate Form, then the AMC reserves the right to register the SIP in the current scheme.</li> </ul> <p>For Weekly SIP, Tuesday will be the default day and in case of Fortnightly SIP 1st and 16th of the month will be the default option.</p> <p>If the investor has not mentioned the SIP start Month, SIP will start from the next applicable month, subject to completion of 21 working days lead time from the receipt of SIP request.</p> <p>In case the SIP 'End period' is incorrect OR not mentioned by the investor in the SIP form, then the SIP shall be considered a perpetual SIP, until further instructions are received.</p> <p>For SIP applications received during NFO Period, the SIP start date shall be at least 21 working days after the NFO allotment date. The first SIP cheque/draft could be of any Business Day but subsequent Auto Debit mandate should be for any date from 1st to 28th of a month and there should be a minimum gap of at least 21 working days between the 1st SIP transaction and the 2nd SIP installment.</p> <p><u>SIP TOP UP Facility:</u></p> <ol style="list-style-type: none"> <li>Investors can opt for SIP TOP UP facility with Fixed Top Up option or Variable Top Up option wherein the amount of the SIP could be increased at fixed intervals. In case the investor opts for both options, the Variable Top Up option would be triggered.</li> <li>The Fixed TOP UP amount shall be for minimum Rs. 500/- and in multiples of Rs. 1/- thereafter.</li> <li>Variable TOP UP would be available in at 5%, 10% and 15% and such other denominations (over and above 5%, 10% and 15%) as opted by the investor in multiples of 5%. An investor can also TOP UP the SIP in amount terms by keeping minimum top up of Rs. 500.</li> <li>The frequency is fixed at Yearly and Half Yearly basis. In case the TOP UP facility is not opted by ticking the appropriate box and frequency</li> </ol>
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	<p>is not selected, the TOP UP facility may not be registered.</p> <p>e. In case of Quarterly SIP, only the Yearly frequency is available under SIP TOP UP.</p> <p>f. SIP Top-Up facility shall be available to all the investors.</p> <p><u>Top-Up Cap amount or Top-Up Cap month-year:</u></p> <p>Top-Up Cap amount: Investor has an option to freeze the SIP Top-Up amount once it reaches a fixed predefined amount. The fixed pre-defined amount should be same as the maximum amount mentioned by the investor in the bank mandate. In case of difference between the Cap amount and the maximum amount mentioned on Bank mandate, then amount which is lower of the two amounts shall be considered as the default amount of SIP Cap amount.</p> <p>Top-Up Cap month-year: It is the date from which SIP Top-Up amount would cease and last SIP instalment including Top-Up amount would remain constant from Cap date till the end of SIP tenure.</p> <p>Investor shall have flexibility to choose either Top-Up Cap amount or Top-Up Cap month- year. In case of multiple selection, Top-Up Cap amount would be considered as default selection.</p> <p>All the investors of the scheme subscribing the facility under SIP Variable Top - Up feature are hereby requested to select either Top - Up Cap amount or Top - Up Cap month - year. In case of no selection, the SIP Variable Top - Up amount would be capped at a default amount of Rs. 10 lakhs.</p> <p>Under the said facility, SIP amount would remain constant from Top - Up Cap date/ amount till the end of SIP Tenure.</p> <p><u>Micro Systematic Investment Plan (Micro SIP):</u></p> <p>Micro SIP/PAN Exempt Investments In line with SEBI letter no. OW/16541/2012 dated July 24, 2012 addressed to AMFI, Investments in the mutual fund schemes including investments through Systematic Investment Plans (SIPs) up to Rs. 50,000/- per investor per year shall be exempted from the requirement of PAN.</p>
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	<p>The investor will have the facility of investing by Micro SIP under the current SIP facility. The Minimum Investment amount per instalment would be as per applicable minimum investment amount of the scheme. The total investment under Micro SIP cannot exceed Rs. 50,000/-.</p> <p>Micro Investment: If the investment amount (fresh subscription &amp; additional subscription) and Micro SIP instalments by an investor in a financial year i.e April to March does not exceed Rs. 50,000/-, it shall be exempt from the requirement of PAN. However, requirements of Know Your Customer (KYC) shall be mandatory. Accordingly, investors seeking the above exemption for PAN need to submit the KYC Acknowledgement, irrespective of the amount of investment. This exemption will be available only to Micro investment made by the individuals being Indian citizens (including NRIs, Joint holders, minors acting through guardian and sole proprietary firms). PIOs, HUFs, QFIs and other categories of investors would not be eligible for availing this exemption.</p> <p>SIP Top-Up facility shall not be available in case of Micro-SIP.</p> <p><u>Mode of Payment for SIP:</u> In case of SIP with payment mode as Standing Instruction / NACH, Investors are required to submit a cancelled cheque or a photocopy of a cheque of the bank account, as applicable for which the debit mandate is provided.</p> <p>Investors are requested to note that holding of units through Demat Option is also available. The units would be allotted based on the applicable NAV and would be credited to investors' Demat account on T + 2 days basis upon realization of funds.</p> <p>The investors shall note that for holding the units in demat form, the provisions laid down in the SID and SEBI Regulations, procedural requirements as laid by the Depositories (NSDL/CDSL) shall be applicable. In case the investor wishes to convert the units held in non-demat mode to demat mode or vice versa at a later date, such request along with the necessary form should be submitted to their Depository Participant(s). Units held in demat form would be freely transferable, subject to the</p>
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	<p>applicable regulations and the guidelines as may be amended from time to time. Investors/unitholders subscribing for SIP are required to submit SIP request at least 21 business days prior to the date of first debit date and SIP start date shall not be beyond 100 days from the date of submission of request for SIP.</p> <p><u>Facility of National Automated Clearing House (NACH) Platform in Systematic Investment Plan (SIP):</u></p> <p>In addition to existing facility available for payments through Standing Instructions for investments in SIP, the NACH facility can also be used by the investors to make payment of SIP instalments. NACH is a centralized system launched by National Payments Corporation of India (NPCI) with an aim to consolidate multiple Electronic Clearing Service (ECS) mandates. This facility would enable the investors of the scheme to make SIP investments through NACH by filling up the SIP Registration cum mandate form. A Unique number will be allotted to every mandate registered under NACH called as Unique Mandate Reference Number (“UMRN”) which can be used for SIP transactions. The NACH facility shall be available subject to terms and conditions contained in the Easy Pay Debit Mandate Form and as prescribed by NPCI from time to time.</p> <p><u>SIP cancellation:</u></p> <p>The AMC will endeavour to have the cancellation of registered SIP mandate within 15 business days from the date of receipt of the cancellation request from the investor. The existing instructions/mandate would continue till the date that when it is confirmed the SIP has been cancelled.</p> <p><b><u>Systematic Withdrawal Plan</u></b></p> <p>Investors under the scheme can enrol for the Systematic Withdrawal Plan (SWP) facility. The SWP allows the Investors to withdraw a specified sum of money at pre-determined intervals from the investments undertaken in the scheme. SWP is suitable for investors seeking a regular inflow of funds for their needs. It is also suited to retirees or individuals who wish to invest lump-sum and withdraw from the investment over a period of</p>
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	<p>time. At the time of registration for SWP, an investor can choose any amount for withdrawal under the respective frequencies. An investor may avail this facility by submitting an application form for SWP.</p> <p>Monthly, Quarterly, Half Yearly and Annual frequencies are available under this facility. Minimum number of instalments for all the frequencies will be 2 installments. Investors can choose any date as preference for SWP withdrawal to register under any frequency available. In case the date chosen for SWP falls on a Non-Business Day or on a date which is not available in a particular month, the SWP will be processed on the next Business Day.</p> <p>In case none of the frequencies have been opted then Monthly frequency shall be considered as the default frequency and where no withdrawal date has been opted by the investor, 10<sup>th</sup> business day of the month shall be considered as the default SWP date.</p> <p>The amount thus withdrawn by SWP would be equated into units at Applicable NAV based prices and the number of units so arrived at would be redeemed and subtracted from the units balance held by the investor.</p> <p>SWP may be terminated by a written notice submitted by the Investor of the Scheme atleast 7 business days before the processing of next instalment. SWP would automatically terminate if all units are redeemed from the folio or upon the receipt of notification of death or incapacity of the Investor by the Mutual Fund/AMC.</p> <p>SWP shall be subject to applicable exit load imposed by the Scheme.</p> <p>Registration/cancellation of SWP request would be processed within 15 working days from the date of receipt of the said request.</p> <p><b><u>Systematic Transfer Plan (STP)</u></b></p> <p>Systematic Transfer Plan (STP) is an option wherein investors of the source scheme can opt to transfer a fixed amount at periodic intervals to the designated target scheme. Bajaj Finserv Arbitrage Fund can be a target scheme for investment from</p>
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	<p>other scheme(s) to this Scheme and also a source scheme for investment from this scheme to other scheme(s).</p> <p>The amount transferred under STP from source scheme to target scheme shall be done by redeeming units of source scheme at Applicable NAV, subject to exit load, if any; and subscribing to the units of target scheme at Applicable NAV as on specified date(s) as given below:</p> <p><b><u>Frequency for STP and number of instalments</u></b></p> <p>Minimum amount for STP – Rs. 500 and in multiples of Re. 1</p> <p>In case the STP date falls on a non-business day or on a day which is not available in a particular month, the STP will be processed on the next business day. In case of nil balance in the source scheme, STP for that particular due date would not get processed. STP would cease to be active upon 3 consecutive unsuccessful transactions or if all units are pledged or upon receipt of intimation of death of the investor. All requests for registering or discontinuing STP shall be subject to an advance notice of 7 working days. The provision of minimum redemption amount specified in the SID of the source scheme and minimum application amount in the target scheme would not be applicable for STP.</p> <p><b><u>Applications Supported by Blocked Amount (ASBA) facility</u></b></p> <p>ASBA facility will be provided to the investors subscribing to NFO of the scheme. It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment. Please refer ASBA application form for detailed instructions.</p> <p><b><u>Inter-Scheme Switching Facility</u></b></p> <p>Bajaj Finserv Mutual Fund provides the investors the flexibility to switch their investments (subject to provisions as regards minimum application amount referred above) from any other scheme(s)/plans managed by Bajaj Finserv Mutual Fund, as per the features of the respective scheme to this scheme. This facility will be useful to</p>
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	<p>unitholders who wish to alter the allocation of their investment among scheme(s) / plan(s) of the Mutual Fund in order to meet their changed investment needs. The switch will be effected by way of a redemption of units from the Source scheme(s) / plan(s) as per the applicable NAV and cut off and investment of the proceeds will be made in the target Scheme(s)/Plan(s). The Switch must comply with the Redemption rules of the Source Scheme/Plan and the issue rules of the Target Scheme/ Plan (for e.g. as to the minimum number of Units that may be redeemed or issued, Exit Load etc). The price at which the units will be switched out of the respective Scheme/Plans will be based on the Redemption Price, and the proceeds will be invested in the Scheme / Plan at the applicable NAV.</p> <p><b><u>Application/ Transaction through Fax /Email mode</u></b></p> <p>Subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time, the AMC, Mutual Fund, or representative of the AMC, Mutual Fund (“the Recipient”) may (at its sole discretion and without being obliged in any manner to do so and without being responsible and/ or liable in any manner whatsoever) accept and process any application, supporting documents and / or instructions submitted by an Investor / Unit holder by facsimile/email (“Fax/Email Submission”) and the investor / Unit holder voluntarily and with full knowledge takes and assumes any and all risk associated therewith. The Recipient shall have no obligation to check or verify the authenticity or accuracy of Fax/Email Submission purporting to have been sent by the investor and may act thereon as if same has been duly given by the investor. In all cases, the investor will have to submit the original documents/ instruction to the AMC/ Mutual Fund.</p> <p>The original transaction instructions shall clearly bear on every page the statement “<b>Originals for records</b>”. Further, any failure to do so on part of the investor might result in duplication in processing of transaction and the AMC shall not be held liable as such.</p> <p>The investor acknowledges that the Fax/Email submission is not a secure means of giving</p>
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	<p>instructions / transactions requests and that the investor is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.</p> <p>The investor's request to the Recipient to act on the Fax/Email submission is for the investor's convenience and the Recipient is not obliged or bound to act on the same. The investor authorizes the recipient to accept and act on any Fax Submission which the Recipient believes in good faith to be given by the investor and the Recipient may at its discretion treat any such transaction as if the same was given to the Recipient under the investor's original signature. The investor accepts that the Fax/ Email submission shall not be considered until acknowledged as a valid transaction request in the Scheme in line with SEBI regulations.</p> <p>The Recipient will also not be liable in case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the Recipient. In case there is any difference between the particulars mentioned in the Fax/ Email submission received as against the original document which may be received thereafter, the Recipient shall not be liable for any consequences arising therefrom.</p> <p>The investor agrees that the Recipient may adopt additional security measures including signature verification, telephone call backs or a combination of the same, which may be recorded and the investor consents to such recording and agrees to co-operate with the Recipient to enable confirmation of such transaction requests.</p> <p>In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending / discontinuing such facilities from time to time) acting on any Fax/Email submission request received / purporting to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages,</p>
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	<p>costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on Fax/ Email submission requests including relying upon such transaction requests purporting to come from the investor even though it may not come from the Investor.</p> <p>The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.</p> <p><b><u>Stock Exchange Infrastructure Facility</u></b></p> <p>The investors can subscribe to / switch / redeem the units of the Scheme under “Growth” option platform of National Stock Exchange (“MFSS”, “NMFII”) and “BSEStAR MF” platform of BSE Ltd. Please contact any of the Investor Service Centres (ISCs) of the Mutual Fund to understand the detailed process of transacting through this facility.</p> <p><b><u>Transactions Through MF Utility (“MFU”)</u></b></p> <p>Bajaj Finserv Asset Management Limited has entered into an agreement with MF Utilities India Private Limited (“MFUI”) a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility (“MFU”) - a shared services initiative of various asset management companies, which acts as a transaction aggregator for transacting in multiple schemes of various mutual funds with a single form and a single payment instrument. Accordingly, all the authorized Points of Service (“POS”) and website/mobile applications of MFUI shall be eligible to be considered as Official Point of Acceptance (“OPAT”) for all financial and nonfinancial transactions in the schemes of Bajaj Finserv Mutual Fund either physically or electronically. The list of POS of MFUI is published on the website of MFUI at <a href="http://www.mfuindia.com">www.mfuindia.com</a>. Applicability of NAV shall be based on time stamping as evidenced by confirmation slips given by POS of MFUI and also the realization of funds in the Bank account of the Fund (and NOT the time of realization of funds in the Bank account of MFUI) within the applicable cut-off timing. The uniform cut-off time as prescribed by SEBI and mentioned</p>
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	<p>in the SID/KIM shall be applicable for applications received through such facilities.</p> <p>Investors are requested to note that MFUI will allot a Common Account Number (“CAN”) i.e. a single reference number for all investments in the mutual fund industry for transacting in multiple schemes of various mutual funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form and necessary documents at the POS. The AMC and/or its Registrar and Transfer Agent shall provide necessary details to MFUI, as may be needed, for providing the required services to investors / distributors through MFU. Investors are requested to visit the website of Bajaj Finserv Mutual Fund (<a href="http://www.bajajamc.com">www.bajajamc.com</a>) or MFUI (<a href="http://www.mfuindia.com">www.mfuindia.com</a>) to download the relevant forms. For any queries or clarifications related to MFU, please contact the Customer Care of MFUI, on 022 6134 4316 (during the business hours, on all days, except Saturday, Sunday and public holidays). The Fund reserves the right to introduce, change, modify or withdraw the facility available at any point of time and to restrict the number/type of schemes being offered through this facility.</p> <p><b><u>Online transactions through KFIN</u></b></p> <p>Online website for KFIN - Registrar and Transfer Agent (“RTA”) for Bajaj Finserv Mutual Fund has built an online website <a href="http://mfs.kfintech.com">mfs.kfintech.com</a> wherein investors / unit holders can transact in the schemes of Bajaj Finserv Mutual Fund by opening an account on RTA Website/portal/mobile app (“Online Facility”). The transactions in the scheme of Bajaj Finserv Mutual Fund through this online facility be allowed as may be facilitated by RTA on its website. RTA online Website/portal/mobile app/server be considered as OPAT. Investors/unitholders please note that only KYC complied investor/unitholders or KYC process to be completed before transaction submission allowed to use this online facility/portal/mobile app. For the purpose of determining the applicability of NAV, time of transaction would be the time when request for purchase/sale/switch of units is received in the servers of AMC/RTA.</p>
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**Online Transactions through website of Bajaj Finserv Mutual Fund**

Facility of online transactions is available on the official website of Bajaj Finserv Mutual Fund i.e. [www.bajajamc.com](http://www.bajajamc.com). Consequent to this, the said website is declared to be an “OPAT” for applications for subscriptions, redemptions, switches and other facilities. The uniform cut-off time as prescribed by SEBI and as mentioned in the SID shall be applicable for applications received on the website. However, investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms & conditions as stipulated by Bajaj Finserv Mutual Fund/Bajaj Finserv Asset Management Limited from time to time and any law for the time being in force. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.

**OFFICIAL POINT OF ACCEPTANCE FOR MFCentral**

As per the SEBI circular no SEBI/HO/IMD/IMD- II DOF3/P/CIR/2021/604 dated July 26, 2021, to comply with the requirements of RTA interoperable Platform for enhancing investors’ experience in Mutual Fund transactions / service requests, the QRTA’s, Kfin Technologies Private Limited (Kfintech) and Computer Age Management Services Limited (CAMS) have jointly developed MFCentral - A digital platform for Mutual Fund investors. MFCentral is created with an intent to be a one stop portal / mobile app for all Mutual fund investments and service related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable T&Cs of the Platform. MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using <https://mfcentral.com> and a Mobile App in future with a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, Bajaj Finserv Mutual Fund (“the Fund”) designates MFCentral as its Official point of acceptance (ISC –Investor Service Center). Any registered user of MFCentral, requiring submission of physical document as per the requirements of MFCentral, may do so at any

	<p>of the designated Investor Service centers or collection centers of Kfintech or CAMS. The AMC reserves the right to modify the terms and conditions or to discontinue the facility at any point of time.</p>
<p>Accounts Statements</p>	<ol style="list-style-type: none"> <li>1. Consolidated Account Statement (CAS) for each calendar month would be issued to the investors on or before fifteenth day of the succeeding month. Further, CAS would be sent by email to the email id of the first unitholder as per KYC records.</li> <li>2. In case for any reason if any particular folio of an investor is not included in the CAS, the AMC would issue an account statement to the investors on a monthly basis pursuant to any financial transaction in such folio on or before fifteenth day of succeeding month.</li> <li>3. The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the unitholders to their registered e-mail address and/ or mobile number.</li> <li>4. In case of a specific request received from the unitholder, the AMC shall provide the account statement to such unitholder within 5 business days from the receipt of such request.</li> <li>5. In the case of joint holding in a folio, the first named unitholder shall receive the CAS/account statement. The holding pattern must be the same across all folios across all the Mutual Funds for the unitholder(s) to receive CAS.</li> </ol> <p>In case no transactions have taken place in a folio during the period of six months ended September 30 and March 31, CAS detailing holdings across all schemes across all mutual funds shall be emailed at the registered email address of the unitholders on half yearly basis, on or before twenty first day of succeeding month, unless a specific request is made to receive the same in physical form.</p> <p>Each CAS issued to the investors shall also provide the total purchase value / cost of investment in each scheme.</p> <p>Further, CAS issued for the half-year (September/ March) shall also provide:</p>

	<p>a. The amount of actual commission paid by the Mutual Fund to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors.</p> <p>b. The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, commission paid to the distributor and other expenses for the period for each scheme's applicable plan where the concerned investor has actually invested in.</p> <p>This CAS on a half year basis shall be issued to all MF investors excluding those investors who do not have any holdings in mutual fund schemes and where no commission against their investment has been paid to distributors during the concerned half year period.</p> <p>In case of the units are held in dematerialized (demat) form, the statement of holding of the beneficiary account holder will be sent by the respective Depository Participant periodically.</p> <p>CAS for investors having Demat account:</p> <p>a. Investors having mutual fund investments and holding securities in demat account shall receive a single CAS from the Depository.</p> <p>b. CAS shall be done on the basis of Permanent Account Number (PAN). In case of multiple holding, it shall be PAN of the first holder and pattern of holding. The CAS shall be generated on a monthly basis.</p> <p>c. If there is any transaction in any of the demat accounts of the investor or in any of his mutual fund folios, depositories shall send the CAS within fifteen days from the month end. In case, there is no transaction in any of the mutual fund folios and demat accounts, CAS with holding details shall be sent to the investor on half yearly basis.</p> <p>d. In case an investor has multiple accounts across two depositories, the depository with whom the account has been opened earlier will be the default depository for the purpose of sending CAS to such investor.</p>
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	<p>The dispatch of CAS by the depositories would constitute compliance with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations.</p> <p>The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.</p>
Income Distribution cum Capital Withdrawal (IDCW)	<p>The Scheme may declare IDCW subject to the availability of distributable surplus and approval from Trustees. IDCW would become payable to the unitholders whose names appear on the register of unitholders on the record date as fixed for the scheme. The IDCW declared will be paid net of tax deducted at source, wherever applicable. There is no assurance or guarantee to the Unit holders as to the rate of IDCW distribution nor that the IDCW will be paid regularly. If the Fund declares IDCW, the NAV of the Scheme would stand reduced by the amount of IDCW paid. All the IDCW payments shall be in accordance and compliance with SEBI, Stock Exchange Guidelines, as applicable from time to time.</p> <p>IDCW is the amount that can be distributed out of equalisation reserve which is part of the sale price that represents realised gains. Any IDCW upto Rs. 100/- shall be compulsorily reinvested in the same option under the scheme at prevailing NAV on record date.</p> <p>IDCW will not be available under the Growth option. Growth option is suitable for investors who are seeking capital appreciation and not seeking periodic income through IDCW. In case IDCW payout option, payment shall be made to the bank account of the investors. In case of IDCW reinvestment, the IDCW declared shall be invested back into the scheme as per the applicable NAV. The scheme also permits IDCW Transfer where the IDCW amount would be transferred to the scheme as selected by the investor. Investment in IDCW transfer would be made as per the applicable NAV.</p> <p>IDCW payments shall be dispatched/transferred to the investors within seven working days from the IDCW record date. In case the AMC fails to make IDCW payment within seven working days, the AMC shall be liable to pay interest to investors at</p>

	<p>15% per annum. The interest on delayed payment would be computed from the record date for IDCW.</p> <p>The Trustee reserves the right to declare IDCW under the IDCW option of the scheme depending on the net distributable surplus available under the scheme. It should however be noted that actual distribution of IDCW and the frequency of distribution would depend, inter-alia, on the availability of distributable surplus and would be entirely at the discretion of the Trustees.</p> <p>Equalisation Reserve: When units are sold and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains is credited to an Equalization Reserve Account and which can be used to pay IDCW. IDCW can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains.</p>
Redemption	<p>The units issued under the scheme can be redeemed on every business day at the applicable NAV subject to exit load. The redemption request must adhere to the minimum redemption amount stipulated in the SID. In case, a unitholder specifies the redemption amount as well as number of units for redemption, the number of units specified would be considered for deciding the redemption amount. If only the redemption amount is specified, the AMC would divide the redemption amount so specified by the Applicable NAV based price to arrive at the number of Units. If an investor submits a redemption/switch request by mentioning number of units or amount to be redeemed and the same is higher than the balance units/amount available in the folio held by the investor under the scheme, the AMC reserves the right to process the redemption/switch request for the available balance in the folio under the scheme held by the investor.</p> <p>If a unitholder submits a redemption/switch-out request mentioning only the name of the scheme and folio number but without mentioning the units and the amount for redemption, the AMC would assume that the redemption/switch-out request is for all the units under the stated folio and shall redeem/switch-out all the units.</p>

	<p>In case units under the scheme are held under both the Plans, the investor must clearly state the Plan in which the redemption/switch request has to be processed, failing which the request will be processed under the Regular plan. However, where units under the requested option are held only under one Plan, the request would be processed under such Plan. In case an investor has subscribed units on more than one Business Day, the units subscribed prior in time (i.e. those Units which have been held for the longest period of time) would be deemed to have been redeemed first i.e. on a First-in-First-Out basis.</p> <p>The maximum exit load under the scheme would not exceed the limits as prescribed under the Regulations. The Fund shall ensure that the redemption price of the scheme is not lower than 95% of the Net Asset Value. Notice of the changes in the exit load structure shall be made by a suitable display in the Investor Service Centers of the AMC and on the AMC website <a href="http://www.bajajamc.com">www.bajajamc.com</a>.</p> <p><u>Payment of proceeds</u></p> <p>All redemption requests received prior to the cut-off time on any Business Day at the Official Points of Acceptance of Transactions would be considered accepted on that Business Day, subject to the redemption requests being complete in all respects. Requests received after the cut-off time will be treated as accepted on the next Business Day.</p> <p>The mode of payment may be direct credit/ECS/cheque or any other mode as may be decided by AMC in the interest of investors.</p> <p>If the investor submits redemption request accompanied with request for change of bank mandate or submits a redemption request within 10 calendar days from the date submission of a request for change of Bank mandate details, the AMC will process the redemption but the release of redemption proceeds shall be deferred on account of additional verification but within the regulatory limits as specified by SEBI.</p>
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	<p><u>Suspension of Sale and Redemption of Units</u></p> <p>Suspension or restriction of repurchase/redemption facility under the scheme shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees. Additionally, the following requirements would be undertaken before imposing restriction on redemptions:</p> <ol style="list-style-type: none"> <li>i. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as: <ul style="list-style-type: none"> <li>• Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security.</li> <li>• Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.</li> <li>• Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.</li> </ul> </li> <li>ii. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.</li> <li>iii. Any imposition of restriction would require specific approval of Board of AMC and Trustees and the same should be informed to SEBI immediately.</li> <li>iv. When restriction on redemption is imposed, the following procedure shall be applied: <ul style="list-style-type: none"> <li>- No redemption requests up to Rs. 2 lakh shall be subject to such restriction.</li> <li>- Where redemption requests are above Rs. 2 lakh, the AMC shall redeem the first Rs. 2 lakh without such restriction and remaining part over and above Rs. 2 lakh shall be subject to such restriction.</li> </ul> </li> </ol>
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	<p><u>Right to Limit Redemptions</u></p> <p>Any units under the scheme which by virtue of these limitations are not redeemed on a particular business day would be carried forward for redemption to the next business day, in order of receipt. Redemptions so carried forward would be priced on the basis of the applicable NAV (subject to the exit load) of the Business Day on which redemption is made. In case of multiple redemption requests received at the same time on a single business day, redemptions would be made on pro-rata basis based on the size of each redemption request with the balance amount being carried forward for redemption to the next business day(s).</p> <p>Suspension or restriction of repurchase/redemption facility under the scheme shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees. After obtaining the approval from the AMC and Trustees Board, intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.</p>
<p>Delay in payment of redemption / repurchase proceeds</p>	<p>Redemption shall be processed by the AMC within three working days of the receipt of redemption request. In case of delay beyond three working days, the AMC is liable to pay interest to the investors at the 15% per annum.</p>
<p>Bank Account Details</p> <p>(Consolidated Std. Obs. 61)</p> <div data-bbox="272 1371 443 1423" style="border: 1px solid black; padding: 2px; display: inline-block;">Std. obs. 19</div>	<p>It is mandatory for applicants to mention their bank account numbers in their applications for subscription or redemption of units of the Scheme. If the investor fails to provide the bank mandate, the request for redemption would be considered as not valid and the scheme retains the right to withhold the redemption until a proper bank mandate is furnished. Any provision with respect of penal interest in such cases will not be applicable.</p> <p><u>Bank Mandate Requirement</u></p> <p>For all fresh subscription transactions made by means of a cheque, if cheque provided alongwith fresh subscription/new folio creation does not belong to the bank mandate opted in the application form, any one of the following documents needs to be submitted.</p>

	<ol style="list-style-type: none"> <li>1) Original cancelled cheque having the First Holder Name printed on the cheque.</li> <li>2) Original bank statement reflecting the First Holder Name, bank account number and bank name as specified in the application.</li> <li>3) Photocopy of the bank statement duly attested by the bank manager with designation, employee number and bank seal.</li> <li>4) Photocopy of the bank pass book duly attested by the bank manager with designation, employee number and bank seal.</li> <li>5) Photocopy of the bank statement/passbook/cheque duly attested by the AMC officials after verification of original bank statement/passbook shown by the investor or their representative.</li> <li>6) Confirmation by the bank manager with seal, designation and employee number on the bank's letter head confirming the name of investor, account type, bank branch, MICR and IFSC code of the bank branch. The letter should not be older than 3 months.</li> </ol> <p>This condition is also applicable to all subscription transactions made by means of a Demand Draft. In case the application is not accompanied by the aforesaid documents, the AMC reserves the right to reject the application, also the AMC will not be liable in case the redemption/IDCW proceeds are credited to wrong account in absence of above documents.</p> <p>In case the bank account details are not mentioned or found to be incomplete or invalid in a subscription application, then the AMC may consider the account details as appearing in the investment amount cheque and the same shall be updated under the folio as the payout bank account for the payment of redemption/IDCW amount etc. The aforementioned updation of bank account shall however be subject to compliance with the third party investment guidelines issued by Association of Mutual Funds in India (AMFI) from time to time.</p> <p>The AMC reserves the right to call for any additional documents as may be required, for processing of such transactions with missing/incomplete/invalid bank account details. The AMC also reserves the right to reject such applications.</p>
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Cash Investments	The AMC would not accept cash for investment in the scheme.
Who can invest?	<p>The following persons are eligible and may apply for subscription to the units of the scheme (subject, wherever relevant, to subscription of units of Mutual Fund being permitted under relevant statutory regulations):</p> <ul style="list-style-type: none"> <li>• Resident adult individual either singly or jointly (not exceeding four)</li> <li>• Minor through parent/lawful guardian</li> <li>• Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860 (so long as the subscription of units is permitted under their respective constitutions)</li> <li>• Religious and Charitable Trusts under the provisions of Section 11(5)(xii) of the Income Tax Act, 1961 read with Rule 17C of Income-tax Rules, 1962</li> <li>• Partnership Firms</li> <li>• Karta of Hindu Undivided Family (HUF)</li> <li>• Banks and Financial Institutions</li> <li>• Non-resident Indians (NRI)/Persons of Indian Origin (PIO) residing abroad on full repatriation basis or on non repatriation basis</li> <li>• Army, Air Force, Navy and other para-military funds</li> <li>• Scientific and Industrial Research Organizations</li> <li>• Mutual fund Schemes, as per applicable regulations</li> <li>• Foreign Portfolio Investor subject to the applicable regulations</li> <li>• Any other category of investor who may be notified by Trustees from time to time by display on the website of the AMC.</li> </ul> <p>Every investor, depending on any of the above category under which he/she/ it/they fall are required to provide relevant documents alongwith the application form as may be prescribed by AMC.</p> <p>The following persons are not eligible to invest in the scheme and apply for subscription to the units of the scheme:</p> <ul style="list-style-type: none"> <li>• A person who falls within the definition of the term “U.S. Person” under ‘Regulation S’ promulgated under the Securities Act of 1933 of the United States, as amended, and corporations or other entities organised under</li> </ul>

	<p>the laws of the U.S. are not eligible to invest in the schemes and apply for subscription to the units of the schemes, except for lump sum subscription, systematic transactions and switch transactions requests received from NRI/PIO who at the time of such investment, are present in India and submit a physical transaction request along with such documents as may be prescribed by the AMC. The AMC shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the AMC. The investor shall be responsible for complying with all the applicable laws for such investments.</p> <ul style="list-style-type: none"> <li>• A person who is resident of Canada</li> <li>• Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time</li> </ul> <p>The AMC reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard. Investors are requested to note that the AMC shall not be liable for any loss or expenses incurred in respect of those transaction requests/allotted units which have been kept on hold or rejected or reversed.</p>
Other requirements	<p>A. <u>Transmission of units</u></p> <p>In cases of transmission of units consequent to the death of a unitholder, the transferee's name would be recorded by the AMC / its Registrar subject to production of satisfactory evidence and completing the requisite procedure / documentation and upon executing suitable indemnities in favor of the Mutual Fund and the AMC. In case units are held in demat form by the investor, the nomination registered with the Depository Participant would be applicable to the units. A Nominee / legal heir approaching the AMC for Transmission of units must have beneficiary account with a Depository Participant of CDSL or NSDL since the units would be in demat mode. The stamp duty payable by the claimant with respect to the indemnity bond and affidavit shall be in accordance with the stamp duty prescribed by applicable laws.</p>

	<p>In accordance with SEBI Circular dated December 24, 2019, the AMC shall not accept requests for redemption from a claimant pending completion of the transmission of units in favour of the claimant. Accordingly, the AMC would not entertain or accept any 'Transmission-cum-Redemption' request.</p> <p><b>B. <u>Pledge of units</u></b></p> <p>The units held under the scheme by an investor can be pledged as security for raising loans subject to the conditions prescribed by the lending institution. The Registrar will take note of such pledge (by marking a lien etc.)/charge in their records. Disbursement of such loans would be entirely at the discretion of the lending institution and the AMC/Mutual Fund assumes no responsibility thereof. The pledgor would not be able to redeem units held under the scheme that are pledged until the entity to which the units are pledged provides written authorisation to the AMC that the pledge/lien charge may be removed. As long as units remain pledged, the pledgee would have complete authority to redeem such units. Decision of the AMC shall be final in all cases of lien marking.</p> <p><b>C. <u>Treatment of business through suspended distributors</u></b></p> <p>Pursuant to AMFI Best Practices Guidelines Circular dated September 24, 2019, regarding provisions pertaining to treatment of subscription /switch/ SIP/ STP transactions received through distributors whose AMFI Registration Number (ARN) has been suspended temporarily or terminated permanently by Association of Mutual Funds in India (AMFI):</p> <ol style="list-style-type: none"> <li>a. During the period of suspension, no commission shall be accrued or payable to the distributor whose ARN is suspended. Accordingly, during the period of suspension, commission on the business canvassed prior to the date of suspension shall stand forfeited, irrespective of whether the suspended distributor is the main AMFI Registration Number ("ARN") holder or a sub-distributor.</li> <li>b. All subscription and switch transactions, including SIP/ STP registered prior to the date of suspension and fresh SIP / STP registrations</li> </ol>
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	<p>received under the ARN code of a suspended distributor during the period of suspension, shall be processed under “Direct Plan” and shall be continued under Direct Plan perpetually*. A suitable intimation in this regard shall be sent to the investor informing them of the suspension of the Distributor.</p> <p>*Note: In case the AMC receives a written request / instruction from the unitholder/s to shift the investments back to Regular Plan under the ARN of the distributor post the revocation of ARN suspension, the same would be honored.</p> <p>c. All subscription and switch transactions including SIP/ STP transactions received through the stock exchange platforms through a distributor whose ARN is suspended shall be rejected.</p> <p>d. In case where the ARN of a distributor has been permanently terminated, the unitholder would have the following options:</p> <ul style="list-style-type: none"> <li>- switch their existing investments under the Regular Plan to Direct Plan (Investors may be liable to bear capital gains taxes and exit load, if any, which may arise at the time of switch from Regular Plan to Direct Plan); or</li> <li>- continue their existing investments under the Regular Plan under ARN of another distributor of their choice.</li> </ul> <p>D. <u>Consolidation of Folios</u></p> <p>In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on any criteria decided by the AMC from time to time.</p> <p>In case of additional subscription in the scheme, if the investor does not provide the folio number, the AMC reserves the right to allot units in the existing folio held by the investor, based on such criteria and undertaking any such verification as may be determined by the AMC from time to time.</p> <p>E. <u>Transactions without scheme/option name</u></p> <p>In case of fresh/additional subscription in the scheme, if the name of the scheme/plan on the application form/transaction slip differs with from the name mentioned on the cheque/demand draft,</p>
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then the AMC would process the application and allot units at the applicable Net Asset Value, under the scheme/plan mentioned on the application form/transaction slip duly signed by the investor(s). The AMC reserves the right to call for other additional documents as may be necessary for processing such transaction(s). Further, such applications may also get rejected at the discretion of the AMC. The AMC shall not be responsible or liable for any loss suffered by the investor due to the discrepancy of a scheme/plan name mentioned in the application form/transaction slip and cheque/demand draft. In case of fresh subscription undertaken by the investor, if the plan name is not mentioned on the application form/transaction slip then the units would be allotted under the plan mentioned on the cheque/demand draft. The plan/option that would be considered in such cases if not specified by the customer will be the default option as stated the SID.

F. Multiple Requests

If an investor makes multiple requests in a transaction slip i.e. redemption/switch and change of Address or redemption/switch and change of Bank Mandate or any combination thereof, but the signature is appended only under one such request and not on the other request being submitted, the AMC reserves the right to process the request under which signature is appended and reject the request where signature is not appended by the investor.

G. Right to limit subscriptions

The Trustees reserve the right to limit or discontinue subscription in the scheme for a specified period of time or till such time period as decided by the Trustees in in the interest of investors to protect the portfolio from market volatility.

H. Cheque bounce or non-payment of investment proceeds

If the AMC notices that there are repeated instances of cheque bounce or non-payment of investment proceeds then the AMC reserves the

	<p>right not to accept any further subscription transaction from such an investor.</p> <p>I. <u>Stamp Duty</u></p> <p>Stamp duty at the rate of 0.005% of the transaction value would be levied on applicable mutual fund transactions. Accordingly, pursuant to levy of stamp duty, the number of units allotted on subscription transactions (including IDCW reinvestment) to the unitholders would be reduced to that extent.</p> <p>J. <u>E-mail address and mobile number</u></p> <p>Investors must provide their e-mail address and mobile number to facilitate sending statutory communication, transaction related information, account statement, scheme annual report and other statutory disclosures. The AMC reserves the right to use the e-mail address as default mode for sending all communication to the investor.</p> <p>K. <u>Transaction Charges</u></p> <p><b>Pursuant to SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011 the transaction charge per subscription of Rs.10,000/- and above may be charged in the following manner:</b></p> <ol style="list-style-type: none"> <li>i. <b>The existing investors may be charged Rs. 100/- as transaction charge per subscription of Rs.10,000/- and above;</b></li> <li>ii. <b>A first time investor may be charged Rs.150/- as transaction charge per subscription of Rs.10,000/- and above.</b></li> </ol> <p><b>There shall be no transaction charge on subscription below Rs. 10,000/- and on transactions other than purchases/ subscriptions relating to new inflows.</b></p> <p><b>In case of investment through SIP, transaction charges shall be deducted only if the total commitment through SIP amounts to Rs. 10,000/- and above. The transaction charges in such cases shall be deducted in 4 equal instalments.</b></p> <p>However, the option to charge “transaction charges” is at the discretion of the distributors. Investors may note that distributors can opt to receive transaction charges based on ‘type of the</p>
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	<p>scheme'. Accordingly, the transaction charges would be deducted from the subscription amounts, as applicable.</p> <p>Transaction charges shall also be deducted on purchases/subscriptions received through non-demat mode from the investors investing through a valid ARN holder i.e. AMFI Registered Distributor (provided the distributor has opted-in to receive the transaction charges) in respect of transactions routed through Stock Exchange(s) platform viz. NSE Mutual Fund Platform and BSE Mutual Fund Platform.</p> <p>The aforesaid transaction charge shall be deducted by the AMC from the subscription amount and paid to the distributor, as the case may be and the balance amount shall be invested subject to deduction of GST.</p> <p>Transaction Charges shall not be deducted if:</p> <ul style="list-style-type: none"> <li>• Purchase/Subscription made directly with the fund through any mode (i.e. not through any distributor/agent).</li> <li>• Purchase/ subscription made in demat mode through stock Exchange, irrespective of investment amount</li> </ul> <p>CAS/Account Statement shall state the net investment (i.e. gross subscription less transaction charge) and the number of units allotted against the net investment.</p> <p><b>L. <u>Option to hold units in Demat form</u></b></p> <p>Investor has an option to subscribe units of the scheme in demat form in accordance with the provisions of the Scheme Information Document and in terms of the guidelines as laid by the Depositories (NSDL/CDSL) from time to time.</p> <p>In case, the investor desires to hold units in a Demat/Remat form at a later date, the request for conversion of units held in non-demat form into Demat form or vice-versa should be submitted along with a Demat/Remat Request Form to the Depository Participants.</p> <p>Units held in demat form would be transferable subject to the provisions of the Scheme Information Document and in accordance with</p>
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	<p>provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.</p> <p>M. <u>Investment in the name of minor through guardian</u> (Consolidated Std. Obs. 37) Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with parent or legal guardian, else the transaction is liable to get rejected. However, all redemption proceeds shall be credited only in the verified bank account of the minor, i.e. the account the minor may hold with the parent/ legal guardian after completing all KYC formalities.</p> <p>For systematic transactions in a minor's folio, AMC would register standing instructions till the date of the minor attaining majority, though the instructions may be for a period beyond that date. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.</p> <p>N. <u>Tax Status of the investor</u> For all fresh subscription, the AMC reserves the right to update the tax status of the investors on best effort basis, on the basis of PAN/Bank Account details or such other information of the investor available with the AMC for the purpose of determining the tax status of the investor. The AMC shall not be responsible for any claims made by the investor/third party on account of updation of tax status.</p> <p>O. <u>Mode of crediting redemption/ IDCW payout proceeds</u> Investors are requested to note that the AMC reserves the right to choose the mode of payment i.e. NEFT/ECS/RTGS etc. for crediting redemption/ IDCW payout proceeds unless a written intimation is received from the investor to the contrary.</p>
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<p>Investment by third party cheques</p>	<p>Investment undertaken in the scheme through third party cheques would not be accepted. For the purpose of this clause, third party cheques would imply investment made through instrument/instruction/mandate issued from an account other than the beneficiary investor. Where the investment is made from a joint bank account, the first holder of mutual fund folio is not one of the joint holders of the bank account.</p> <p>Third party payment for investment shall only be accepted in below stated exceptional circumstances:</p> <ol style="list-style-type: none"> <li>a. Payment by Employer on behalf of employee under SIP or lump sum/one-time subscription through payroll deductions.</li> <li>b. Custodian on behalf of a Foreign Portfolio Investor (FPI) or a client.</li> <li>c. Payment made by the AMC to a Distributor empanelled with it on account of commission, incentive, etc. in the form of the Mutual Fund units of the scheme managed by the AMC through SIP or lump sum/one time subscription, subject to compliance applicable SEBI Regulations and AMFI Best Practices Circulars issued from time to time.</li> <li>d. Payment made by a Corporate to its Agent/Distributor/Dealer (similar arrangement with Principal-agent relationship) account of commission or incentive payable for sale of its goods/services, in the form of Mutual Fund units of the scheme managed by the AMC through SIP or lump sum/one time subscription, subject to compliance applicable SEBI Regulations and AMFI Best Practices Circulars issued from time to time.</li> </ol> <p>The above mentioned exception cases would be processed after carrying out necessary checks and verification of documents attached along with the subscription application, as stated below:</p> <ul style="list-style-type: none"> <li>• Determining the identity of the investor and the person making payment i.e. mandatory KYC for investor and the person making the payment.</li> <li>• Obtaining necessary declaration from the investor and the person making the payment. Declaration by the person making the payment should give details of the bank</li> </ul>
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	<p>account from which the payment is made and the relationship with the beneficiary</p> <ul style="list-style-type: none"> <li>• Verifying the source of funds to ensure that funds have come from the drawer's account only.</li> </ul> <p>The AMC reserves a right to seek information and/or obtain such other additional documents other than the aforesaid documents from third party for establishing the identity of the Third Party, before processing such applications.</p>
Nomination Facility	<p>As per SEBI circular dated June 15, 2022 read with SEBI Circular dated July 29, 2022 and SEBI circular dated March 28, 2023, Investors subscribing to Mutual Fund units shall have choice of:</p> <ol style="list-style-type: none"> <li>Providing nomination as per the format prescribed in MF Regulations.</li> <li>Opting out of nomination through a signed declaration</li> </ol> <p>After September 30, 2023, all existing individual unitholders holding units solely or joint mode the folios that have not complied with the above requirement shall be frozen for debits.</p> <p>For more information, please refer SAI.</p>
Treatment of Unclaimed Income Distribution cum capital withdrawal and redemption amounts (Consolidated Std. Obs. 52)	<p>In accordance with No SEBI/HO/IMD/DF2/CIR/P/2016/37 dated February 25, 2016, the unclaimed Redemption amount and Income Distribution cum capital withdrawal amount may be deployed by the Mutual Fund in call money market or money market Instruments as well as in a separate plan or liquid scheme/overnight scheme/money market mutual fund scheme floated by mutual funds. Investors who claim these amounts during a period of three years from the due date shall be paid initial unclaimed amount along with the income earned on its deployment. Investors who claim these amounts after 3 years, shall be paid initial unclaimed amount along with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. AMC shall play a proactive role in tracing the rightful owner of the unclaimed amounts considering the steps suggested by regulator vide the referred circular. Further, AMC shall not charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped at 50 bps.</p>

## C. Periodic Disclosures

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p> <p style="text-align: center;">Std. obs. 17 (a) (Consolidated Std. Obs. 40)</p>	<p>The AMC shall calculate and disclose the first NAV within five business days from the date of allotment. Subsequently, the NAV will be calculated and disclosed at the close of every Business Day. NAV will be determined on every Business Day except in special circumstances. NAV shall be calculated for upto three decimal places. NAV of the scheme shall be:</p> <ul style="list-style-type: none"> <li>- Prominently disclosed by the AMC under a separate head on the AMC's website (<a href="http://www.bajajamc.com">www.bajajamc.com</a>) by 11.00 p.m. on every business day.</li> <li>- On the website of AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) by 11.00 p.m. on every business day, and</li> <li>- Shall be made available at all Investor Service Centres of the AMC i.e. 18003093900.</li> </ul> <p>(Consolidated Std. Obs. 41)</p> <p>In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the AMC shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.</p>
<p><b>Portfolio Disclosures: Monthly and Half yearly</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The AMC shall disclose portfolio of the scheme (along with ISIN) as on the last day of the month and last day of the half year within 10 days from the close of each month and half year respectively on website of the AMC <a href="http://www.bajajamc.com">www.bajajamc.com</a> and AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a>.</p> <p>The AMC shall communicate by email the monthly and half yearly scheme portfolio within 10 days from the close of each month and half year. The AMC shall provide a feature wherein a link is provided to the investors to their registered email address to enable the investor to directly view/download only the portfolio of this schemes where the investor has invested. The monthly and half yearly portfolio disclosure shall also include the scheme risk-o-meter, name of benchmark and risk-o-meter of benchmark.</p> <p>The AMC shall publish an advertisement in all India edition of at least two daily newspapers, one each in English and Hindi, every half year disclosing the hosting of the half yearly scheme portfolio on the</p>

	AMC's website and on AMFI website. The AMC shall provide a physical copy of the scheme portfolio, without charging any cost, on specific request received from an investor.
Half Yearly Financial Results	The Mutual Fund shall within one month from the close of each half year, that is on March 31 and on September 30, host a soft copy of its unaudited financial results on the AMC website <a href="http://www.bajajamc.com">www.bajajamc.com</a> and shall publish an advertisement disclosing the hosting of financial results on the AMC website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated. The unaudited financial results would be displayed on AMC website <a href="http://www.bajajamc.com">www.bajajamc.com</a> and AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a> .
Annual Report	<p>Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders within four months from the date of closure of the relevant financial year i.e. 31st March each year as under:</p> <ul style="list-style-type: none"> <li>• by email to the unitholders whose email address is available with the Mutual Fund.</li> <li>• in physical form to the unitholders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.</li> </ul> <p>An advertisement shall also be published in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the website of the AMC <a href="http://www.bajajamc.com">www.bajajamc.com</a> and AMFI website <a href="http://www.amfiindia.com">www.amfiindia.com</a>. The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC.</p> <p>The AMC shall also provide a physical copy of abridged summary of the annual report without charging any cost, on specific request received from the unitholder. A copy of scheme wise annual report shall also be made available to unitholders on payment of nominal fees.</p>
Associate Transactions	Please refer to Statement of Additional Information (SAI).

Investor services	Mr. Sameer Nesarikar Bajaj Finserv Asset Management Limited, 8 <sup>th</sup> Floor, E-Core, Solitaire Business Park (formerly Marvel Edge), Viman Nagar, Pune – 411014 Tel No: 020 67672500 Fax No: 020 67672550 Email: <a href="mailto:service@bajajamc.com">service@bajajamc.com</a>
Risk-o-meter (Consolidated Std. Obs. 38)	AMC shall disclose risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark and shall send the details of the scheme portfolio while communicating the monthly and half-yearly statement of scheme portfolio by email. Any change in risk-o-meter shall be communicated by way of addendum and by way of an e-mail or SMS to unitholders of the scheme. Risk-o-meter shall be evaluated on a monthly basis and AMC shall disclose the Risk-o-meter along with portfolio disclosure for the scheme on the AMC website <a href="http://www.bajajamc.com">www.bajajamc.com</a> and that of AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ) within 10 days from the close of each month.
Scheme Summary Document (Consolidated Std. Obs. 38)	The AMC will provide on its website a standalone scheme document for all the Schemes which contains all the details of the Scheme including but not limited to Scheme features, Fund Manager details, investment details, investment objective, expense ratios, portfolio details, etc. Scheme summary document will be uploaded on the websites of AMC, AMFI and stock exchanges in 3 data formats i.e. PDF, Spreadsheet and a machine readable format).

## Taxation:

Bajaj Finserv Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from the Income tax in accordance with the provisions of section 10(23D) of the Income Tax Act, 1961 ('the Act').

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme. The information given herein is the snapshot of the tax implications in the hands of the unitholders. For further details on taxation, please refer to the Section on Taxation on investing in Mutual Funds in Statement of Additional Information ('SAI').

The applicability of tax laws, if any, on Bajaj Finserv Mutual Fund/ Scheme(s)/ investments made by the Scheme(s) /investors/ income attributable to or distributions or other payments made to Unit holders are based on the understanding of the current tax legislations [as proposed to be amended by the Finance Bill, 2023 (FB 2023) and notice of amendment introduced on 22 March 2023].

### Equity Oriented Funds<sup>1</sup>

Tax implications on distributed income (hereinafter referred to as either 'Income from units of Mutual Funds' or 'capital gains') by Mutual Funds:

Particulars	Resident Investors	Non-resident investors	Registered Mutual Fund
<b>Income from unit of Mutual fund</b>			
TDS*	10% (if income from units of Mutual fund exceeds INR 5,000 in a financial year)	20% <sup>2</sup> + applicable surcharge + 4% Cess <sup>4</sup>	Nil
Tax rates	<u>Individual/ HUF</u> Income tax rate applicable to the Unit holders as per their income slabs + applicable Surcharge + 4% Cess <sup>3</sup> <u>Domestic Company:</u> 30% + Surcharge as applicable + 4% Cess <sup>3</sup> 25% <sup>4</sup> + Surcharge as applicable + 4% Cess <sup>3</sup> 22% <sup>5</sup> + 10% Surcharge <sup>5</sup> + 4% Cess <sup>3</sup>	20%	Nil
<b>Capital Gains<sup>2</sup> 6:</b>			
Long Term (period of holding more than 12 months)	10% without indexation <sup>7</sup> + applicable Surcharge + 4% Cess <sup>3</sup>	10% without indexation and foreign currency fluctuation benefit + applicable surcharge + 4% Cess	Nil
Short Term (period of holding less than or equal to 12 months)	15% + applicable surcharge + 4% Cess	15% + applicable surcharge + 4% Cess	Nil

<sup>1</sup>Equity Oriented Funds will also attract Securities Transaction Tax at applicable rates.

<sup>2</sup>Section 196A of the Act (read with proposed amendment under FB 2023) provides that a person responsible for paying to a non-resident (other than FPI) any income in respect of units of mutual fund shall withhold taxes at the rate of 20% (plus applicable surcharge and cess) or rate provided in the relevant DTAA, whichever is lower, provided the payee furnishes a tax residency certificate and such other information and documents as may be prescribed to claim treaty benefit.

As per the provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited/paid to FII shall apply. The proviso to section 196D(1) of the Act grants relevant tax treaty benefits at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. As per section 196D(2) of the Act, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

<sup>3</sup>Health and education Cess shall be applicable at 4% on aggregate of base tax and surcharge.

<sup>4</sup>In case of domestic company, the rate of income-tax shall be 25% if its total turnover or gross receipts in the financial year 2021-22 does not exceed Rs. 400 crores.

<sup>5</sup>In case of domestic company whose income is chargeable to tax under section 115BAB or section 115BAA of the Income-Tax Act, 1961, tax rate @ 22% shall be applicable, subject to conditions mentioned therein. The tax computed in case of domestic companies whose income is chargeable to tax under section 115BAA or section 115BAB shall be increased by a surcharge at the rate of 10%.

<sup>6</sup>Short term/ long term capital gain tax will be deducted at the time of redemption of units in case of non-resident investors only (other than FPI). However, as per section 196A of the Act the withholding tax of 20% (plus applicable surcharge and cess) is applicable on any income in respect of units of mutual fund in case of non-residents.

<sup>7</sup>Section 112A provides that long term capital gains arising from transfer of a long term capital asset being a unit of an equity oriented fund shall be taxed at 10% (without indexation and foreign currency fluctuation benefit) of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if STT has been paid on transfer in case of units of equity-oriented mutual funds.

\*Section 206AB would apply on any sum or income or amount paid, or payable or credited, by a person to a specified person, as defined. The TDS rate in this section is higher of the followings rates:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of five per cent.

‘Specified person’ means a person (excluding non-residents who do not have a permanent establishment in India) who has not filed income-tax return under section 139(1) for the preceding year and aggregate of TDS and TCS in his case is INR 50,000 or more in the said year.

As per provisions of section 206AA of the Act, the payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS higher of 20% or rate specified under the relevant provisions of the Act or rate in force (including surcharge and health and education cess), as may be applicable.

The provisions of this section shall not apply to a non-resident subject to furnishing of necessary documents as may be prescribed. In case, both provisions i.e section 206AB and 206AA triggers, TDS shall be deducted at higher of the rates under such provisions.

#### D. Computation of NAV

The NAV of the units of the scheme would be computed by dividing the net assets of the scheme by the number of outstanding units on the valuation date. The AMC shall value the investments according to the valuation norms, as specified in the SEBI MF Regulations. All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. The NAV of the Scheme would be calculated upto three decimal places and would be declared on each business day.

NAV of units under the scheme shall be calculated as shown below:

**NAV (Rs.) =**

Market or Fair Value of Scheme's investments + Current Assets - Current Liabilities and Provision

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No. of units outstanding under the scheme

Illustration on Computation of NAV: If the net assets of the Scheme are Rs. 10,55,55,000.00 and units outstanding are 1,00,00,000 then the NAV per unit will be computed as follows:  $10,55,55,000.00 / 1,00,00,000 = \text{Rs. } 10.555$  per unit (upto three decimal). (Consolidated Std. Obs. 42)

## IX. FEES AND EXPENSES

This section outlines the expenses that will be charged to the schemes.

### A. New Fund Offer (NFO) Expenses

These are the expenses incurred for the purpose of new fund offer of the scheme including marketing, advertising, communication, registrar expenses, statutory expenses, printing expenses, stationery expenses, bank charges, exchange related charges, service provider related charges etc. As required in SEBI Regulations, all NFO expenses will be borne only by the AMC and not charged to the scheme.

### B. Annual Scheme Recurring Expenses

(These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below):

Limits specified by SEBI in SEBI MF Regulations for scheme recurring expenses:

- on the first Rs. 500 crore of the Scheme's daily net assets - upto 2.25%;
- on the next Rs. 250 crore of the Scheme's daily net assets – upto 2.00%;
- on the next Rs. 1,250 crore of the Scheme's daily net assets – upto exceed 1.75%;
- on the next Rs. 3,000 crore of the Scheme's daily net assets – upto exceed 1.60%;
- on the next Rs. 5,000 crore of the Scheme's daily net assets – upto exceed 1.50%;
- on the next Rs. 40,000 crore of the Scheme's daily net assets - Total Expense Ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof;
- on balance of the assets – upto 1.05%.

In addition to the recurring expense mentioned above, additional expenses of 0.05% of daily net assets of the scheme shall be chargeable.

Annual scheme recurring expenses for the scheme:

Particulars	% of daily net assets
Investment Management and Advisory Fees	Upto 2.25
Trustee Fees	
Audit Fees	
Custodian Fees	
Registrar & Transfer Agent Fees	
Marketing & Selling expenses including agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and Income Distribution cum capital withdrawal redemption cheques and warrants	
Costs of Statutory Advertisements	
Cost towards Investor Education & Awareness (at least 2 bps) <sup>&amp;</sup>	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades respectively <sup>%</sup>	
Goods & Services Tax on expenses other than Investment and Advisory Fees	
Goods & Services Tax on brokerage and transaction cost	

Particulars	% of daily net assets
Other Expenses <sup>#</sup>	
<b>Maximum Total Expense Ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</b>	<b>Upto 2.25</b>
Additional expenses under regulation 52 (6A) (c)	Upto 0.05
Additional expenses for gross new inflows from specified cities (Consolidated Std. Obs. 46)	Upto 0.30*

\*SEBI vide letter no. SEBI/HO/IMD/IMD-SEC3/P/OW/2023/5823/1 dated February 24, 2023 and AMFI vide letter no. 35P/MEM-COR/85/2022-23 dated March 02, 2023 has advised AMCs to keep B-30 incentive in abeyance till AMCs put in place effective controls. Accordingly, applicability of this expense ratio will be subject to any further communication issued by SEBI / AMFI in this regard.

<sup>#</sup>As permitted under the Regulation 52 of SEBI (MF) Regulations, 1996 and pursuant to SEBI Circular September 13, 2012, SEBI Circular dated February 02, 2018, SEBI Circular dated October 22, 2018, SEBI (Mutual Funds) Second Amendment Regulations, 2012 and SEBI (Mutual Funds) (Fourth Amendment) Regulations 2018.

<sup>&</sup>In terms of SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, the AMC / Mutual Fund shall annually set apart at least 2 basis points (i.e. 0.02%) on daily net assets of the scheme within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (MF) Regulations for investor education and awareness initiatives.

<sup>%</sup>Brokerage and transaction costs incurred for the execution of trades and included in the cost of investment, not exceeding 0.12% of the value of trades of cash market transactions and 0.05% of the value of trades of derivative market transactions. It is hereby clarified that the brokerage and transaction costs incurred for the execution of trades may be capitalized to the extent of 0.12% of the value of trades of cash market transactions and 0.05% of the value of trades of derivative market transactions. Any payment towards brokerage and transaction costs (including Goods & Services Tax, if any) incurred for the execution of trades, over and above the said 0.12% for cash market transactions and 0.05% of the value of trades of derivative market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (MF) Regulations.

The expense of 30 bps shall be charged if the new inflows from retail investors from B30 cities as specified from time to time are at least -

(i) 30% of gross new inflows from retail investors in the scheme, or; (ii) 15% of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from retail investors from B30 cities is less than the higher of subclause (i) or subclause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from retail investors from B30 cities.

Provided further that amount incurred as expense on account of inflows from retail investors from B30 cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

In case inflows from retail investors from beyond top 30 cities is less than the higher of (i) or (ii) above, additional TER on daily net assets of the scheme shall be charged as follows:

Daily net assets X 30 basis points X new inflows from individuals beyond top 30 cities

365\* X Higher of (i) or (ii) above

\* 366, wherever applicable.

For the above purposes, 'B30 cities' shall be beyond Top 30 cities as at the end of previous financial year as communicated by AMFI. Retail investors would mean individual investors from whom inflows into the scheme would amount upto Rs. 2,00,000/- per transaction.

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of units will be paid / charged under Direct Plan. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in other than Direct Plan.

The AMC shall adhere provisions of SEBI Circular dated October 22, 2018 and various guidelines specified by SEBI as amended from time to time, with reference to charging of fees and expenses. Accordingly:

- a. All scheme related expenses including commission paid to distributors, shall be paid from the scheme only within the regulatory limits and not from the books of the AMC, its associates, sponsor, trustee or any other entity through any route. Provided that, such expenses that are not specifically covered in terms of Regulation 52 (4) can be paid out of AMC books at actual or not exceeding 2 bps of the Scheme AUM, whichever is lower.
- b. The Mutual Fund shall adopt full trail model of commission in the scheme, without payment of any upfront commission or upfronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route.
- c. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in Regular Plan.
- d. No pass back, either directly or indirectly, shall be given by the Fund / the AMC / Distributors to the investors.

#### **Illustration in returns between Regular and Direct Plan**

(Consolidated Std. Obs. 44)

<b>Particulars</b>	<b>Regular Plan</b>	<b>Direct Plan</b>
Amount invested at the beginning of the year (Rs.)	10,000	10,000
Returns before Expenses (Rs.)	1,500	1,500
Expenses other than Distribution Expenses (Rs.)	150	150
Distribution Expenses (Rs.)	50	-
<b>Returns after Expenses at the end of the year (Rs.)</b>	<b>1,300</b>	<b>1,350</b>
<b>Returns (%)</b>	<b>13.00%</b>	<b>13.50%</b>

#### **Disclosure on Goods & Services Tax:**

Goods & Services Tax on investment management and advisory fees shall be in addition to the above expense.

Further, with respect to Goods & Services Tax on other than management and advisory fees:

- Goods & Services Tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the Regulations.

- Goods & Services Tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of Goods & Services Tax, if any, shall be credited to the scheme.
- Goods & Services Tax on brokerage and transaction cost paid for asset purchases, if any, shall be within the limit prescribed under regulation 52 of the Regulations.

For the actual current expenses being charged to the scheme, investors should refer to the website of the mutual fund at [www.bajajamc.com](http://www.bajajamc.com). Any change proposed to the current expense ratio will be updated on the website at least three working days prior to the change.

As per the Regulations, the total recurring expenses that can be charged to the scheme shall be subject to the applicable guidelines. The total recurring expenses of the scheme, will however be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations.

#### C. Load Structure

Std. obs. 16
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Load is an amount which is paid by the investor to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website [www.bajajamc.com](http://www.bajajamc.com) or may call at (toll free no. 18003093900 or your distributor.

Type of Load	Load chargeable (as % of NAV)
Entry Load	Not applicable
Exit Load*	0.25% of applicable NAV if redeemed/switched out within 15 days from the date of allotment. Nil if redeemed/switched out after 15 days from the date of allotment.

\* The load on other types of transaction could be Income Distribution cum Capital Withdrawal reinvestment, Switch in/out, SIP/SWP/STP (as applicable)

In accordance with the requirements specified by the SEBI circular dated June 30, 2009 no entry load will be charged for subscription /additional subscription /switches accepted by the Mutual Fund. Similarly, no entry load will be charged with respect to applications for registrations under the SIP/STP accepted by the Mutual Fund. For the purpose of charging of exit load, units would be considered on First in First out (FIFO) basis. Any imposition or enhancement of exit load shall be applicable only on prospective investments.

In case of redemption/switch undertaken in excess of 25% holding of an investor on account of compliance with the requirements of SEBI Circular dated December 12, 2003 shall not be subject to exit load imposed in the scheme.

The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.

Exit load (if any) charged to the unitholders by the Mutual Fund on redemption (including switch-out) of units shall be credited to the respective scheme net of Goods & Services Tax.

Goods & Services Tax on exit load, if any, shall be paid out of the exit load proceeds.

No exit load would be charged for switch transaction from this scheme to any another equity scheme of Bajaj Finserv Mutual Fund. Further, switches of following kind within the scheme would not attract any exit load:

- (i) switch from Direct Plan to Regular Plan;
- (ii) switch from Regular Plan to Direct Plan where the investment in Regular Plan is without a Distributor (ARN) code;
- (iii) within different Options (Income Distribution cum capital withdrawal /growth) of the same Plan (Direct/Regular) of the scheme.

Load on bonus/ re-investment of Income Distribution cum capital withdrawal units: In terms of SEBI circular dated March 18, 2008, no entry and exit load shall be charged on bonus units or units allotted on reinvestment of Income Distribution cum capital withdrawal.

The Trustee / AMC reserves the right to change the load structure any time in future if they so deem fit on a prospective basis. The investor is requested to check the prevailing load structure of the scheme before investing.

In case of changes to load structure, the AMC would endeavour to do the following:

1. An addendum would be attached to the SID and Key Information Memorandum (KIM). The same may be circulated to brokers/distributors so that the same can be attached to all SID and abridged SID in stock. Further the addendum would be sent along with a newsletter to unitholders immediately after the changes.
  2. Arrangement would be made to display the changes in the SID in the form of a notice in all the official point of acceptance of transactions and distributor's/broker's office.
  3. The introduction of the exit load alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load.
  4. A public notice shall be provided on the website in case of changes undertaken to the exit load.
- D. Waiver of load for direct applications

Not applicable

## **X. RIGHT OF UNITHOLDERS**

Please refer to Statement of Additional Information for details.

## **XI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

Std. obs. 20

(Consolidated Std. Obs. 48)

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income/revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

Not applicable since there is no foreign Sponsor for the AMC.

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against

Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

Nil

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

Nil

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustees/Trustee Company and/or any of the directors and/or key personnel are a party should also be disclosed separately.

Nil

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

Nil

Std obs. 22

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable. (Consolidated Std. Obs. 63)

The Scheme Information Document of Bajaj Finserv Arbitrage Fund has been approved by the Board of Directors of Bajaj Finserv Mutual Fund Trustee Limited on March 06, 2023. The Board of Directors of Bajaj Finserv Mutual Fund Trustee Limited have ensured that the scheme approved is a new product offered by Bajaj Finserv Mutual Fund and is not a minor modification to any of the existing scheme/fund/product.

#### **For Bajaj Finserv Asset Management Limited**

Sd/-

**Ganesh Mohan**  
CEO

Place: Pune

Date: August 14, 2023

**Official Points of Acceptance of Bajaj Finserv Mutual Fund**

Sr. No.	Location	Address
1.	Pune	Bajaj Finserv Asset Management Limited, 8th Floor, E-Core, Solitaire Business Park (Formerly Marvel Edge), Viman Nagar, Pune – 411014.
2.	Mumbai - BKC	Bajaj Finserv Asset Management Limited, 16th Floor, B Wing, the Capital, Bandra Kurla Complex (BKC) – Bandra East, Mumbai, Maharashtra, 400098
3.	Mumbai – Lower Parel	Awfis Space Solutions Pvt Ltd, Unit No. 801-802, 8th Floor, Tower 1, Senapati Bapat Marg, Dadar West, Prabhadevi, Lower Parel, Mumbai, Maharashtra, 400013
4.	Delhi	Awfis Space Solutions Pvt Ltd, Place L-29-L-34, First Floor, Connaught Place, New Delhi, 110001
5.	Kolkata	Awfis Space Solutions Pvt Ltd, 5th floor, 50 Chowringhee, Chowringhee, Kolkata, West Bengal, 700071
6.	Bangalore	Awfis Space Solutions Pvt Ltd, 6 Richmond Road, Shanthala Nagar, Richmond Town, Residency Road, Bangalore, 560025
7.	Ahmedabad	Uncubate Ventures, Cabin No. 1, 1208, Phoenix, Near Commerce Six Roads, Ahmedabad, Gujarat, 380009
8.	Lucknow	Ritu Gupta, Unit No. 105, First Floor, Saran Chambers-II, 5 Park Road, Lucknow, Uttar Pradesh, 226001
9.	Chennai	The Executive Zone Pvt Ltd, No. 766, Shakthi Towers 1, Anna Sanai, Thousand Lights, Chennai, Tamil Nadu, 600002
10.	Patna	Co-Working Studio, Hardi Complex, Above P.C. Chandra Jewellers, Office No. 1, 4th Floor, Dak Bungalow Chowraha, Patna, Bihar, 800001
11.	Chandigarh	Reliance Gardens Pvt Ltd, Cabin No. M3-02, 3rd Floor, SCO 32-34, Sector 17C, Chandigarh, 160017

Website – [www.bajajamc.com](http://www.bajajamc.com)

Email – [transaction@bajajamc.com](mailto:transaction@bajajamc.com)

**Official Points of Acceptance of KFIN Technologies Limited**

Email – [transaction@bajajmf@kfintech.com](mailto:transaction@bajajmf@kfintech.com)

Sr. No.	Branch Name*	State	Consolidated Current Address
1	Anantapur	Andhra Pradesh	Kfin Technologies Ltd. #13/4 Vishnupriya Complex Beside Sbi Bank Near Tower Clock Ananthapur-515001.
2	Guntur	Andhra Pradesh	Kfin Technologies Ltd 2Nd Shatter 1St Floor Hno. 6-14-48 14/2 Lane Arundal Pet Guntur 522002
3	Kurnool	Andhra Pradesh	Kfin Technologies Ltd Shop No:47 2Nd Floor S Komda Shopping Mall Kurnool 518001
4	Rajahmundry	Andhra Pradesh	Kfin Technologies Ltd No. 46-23-10/A Tirumala Arcade 2Nd Floor Ganuga Veedhi Danavaipeta Rajahmundry East Godavari Dist Ap - 533103
5	Srikakulam	Andhra Pradesh	Kfin Technologies Ltd D No 4-4-97 First Floor Behind Sri Vijayaganapathi Temple Pedda Relli Veedhi Palakonda Road Srikakulam 532001

Sr. No.	Branch Name*	State	Consolidated Current Address
6	Tirupathi	Andhra Pradesh	Kfin Technologies Ltd Shop No:18-1-421/F1 City Center K.T.Road Airtel Backside Office Tirupathi - 517501
7	Vijayawada	Andhra Pradesh	Kfin Technologies Ltd Hno26-23 1St Floor Sundarammastreet Gandhinagar Krishna Vijayawada 520010
8	Visakhapatnam	Andhra Pradesh	Kfin Technologies Ltd Dno : 48-10-40 Ground Floor Surya Ratna Arcade Srinagar Opp Roadto Lalitha Jeweller Showroom Beside Taj Hotel Ladge Visakhapatnam 530016
9	Eluru	Andhra Pradesh	Kfin Technologies Ltd Dno-23A-7-72/73K K S Plaza Munukutla Vari Street Opp Andhra Hospitals R R Peta Eluru 534002
10	Guwahati	Assam	Kfin Technologies Ltd Ganapati Enclave 4Th Floor Opposite Bora Service Ullubari Guwahati Assam 781007
11	Silchar	Assam	Kfin Technologies Ltd N.N. Dutta Road Chowchakra Complex Premtala Silchar 788001
12	Gaya	Bihar	Kfin Technologies Ltd Property No. 711045129 Ground Floorhotel Skylark Swaraipuri Road - Gaya 823001
13	Patna	Bihar	Kfin Technologies Ltd 3A 3Rd Floor Anand Tower Exhibition Road Opp Icici Bank Patna 800001
14	Begusarai	Bihar	Kfin Technologies Ltd C/O Dr Hazari Prasad Sahu Ward No 13 Behind Alka Cinema Begusarai (Bihar) Begusarai 851117
15	Bhagalpur	Bihar	Kfin Technologies Ltd 2Nd Floor Chandralok Complexghantaghar Radha Rani Sinha Road Bhagalpur 812001
16	Darbhanga	Bihar	Kfin Technologies Ltd 2Nd Floor Raj Complex Near Poor Home Darbhanga - 846004
17	Muzaffarpur	Bihar	Kfin Technologies Ltd First Floor Saroj Complex Diwam Road Near Kalyani Chowk Muzaffarpur 842001
18	Bhilai	Chhattisgarh	Kfin Technologies Ltd Office No.2 1St Floor Plot No. 9/6 Nehru Nagar [East] Bhilai 490020
19	Bilaspur	Chhattisgarh	Kfin Technologies Ltd Shop.No.306 3Rd Floor Anandam Plaza Vyapar Vihar Main Road Bilaspur 495001
20	Raipur	Chhattisgarh	Kfin Technologies Ltd Office No S-13 Second Floor Reheja Tower Fafadih Chowk Jail Road Raipur 492001
21	Margoa	Goa	Kfin Technologies Ltd Shop No 21 Osia Mall 1St Floor Near Ktc Bus Stand Sgdpa Market Complex Margao - 403601
22	Panjim	Goa	Kfin Technologies Ltd H. No: T-9 T-10 Affran Plaza 3Rd Floor Near Don Bosco High School Panjim 403001
23	Ahmedabad	Gujarat	Kfin Technologies Ltd Office No. 401 On 4Th Floor Abc-I Off. C.G. Road - Ahmedabad 380009
24	Anand	Gujarat	Kfin Technologies Ltd B-42 Vaibhav Commercial Center Nr Tvs Down Town Shrow Room Grid Char Rasta Anand 380001
25	Baroda	Gujarat	Kfin Technologies Ltd 1St Floor 125 Kanha Capital Opp. Express Hotel R C Dutt Road Alkapuri Vadodara 390007
26	Bharuch	Gujarat	Kfin Technologies Ltd 123 Nexus Business Hub Near Gangotri Hotel B/S Rajeshwari Petroleum Makampur Road Bharuch 392001

Sr. No.	Branch Name*	State	Consolidated Current Address
27	Bhavnagar	Gujarat	Kfin Technologies Ltd 303 Sterling Point Waghawadi Road - Bhavnagar 364001
28	Gandhidham	Gujarat	Kfin Technologies Ltd Shop # 12 Shree Ambica Arcade Plot # 300 Ward 12. Opp. Cg High School Near Hdfc Bank Gandhidham 370201
29	Gandhinagar	Gujarat	Kfin Technologies Ltd 123 First Floor Megh Malhar Complex Opp. Vijay Petrol Pump Sector - 11 Gandhinagar 382011
30	Jamnagar	Gujarat	Kfin Technologies Ltd 131 Madhav Plaza Opp Sbi Bank Nr Lal Bunglow Jamnagar 361008
31	Junagadh	Gujarat	Kfin Technologies Ltd Shop No. 201 2Nd Floor V-Arcade Complex Near Vanzari Chowk M.G. Road Junagadh 362001
32	Mehsana	Gujarat	Kfin Technologies Ltd Ff-21 Someshwar Shopping Mall Modhera Char Rasta - Mehsana 384002
33	Nadiad	Gujarat	Kfin Technologies Ltd 311-3Rd Floor City Center Near Paras Circle - Nadiad 387001
34	Navsari	Gujarat	Kfin Technologies Ltd 103 1St Floore Landmark Mall Near Sayaji Library Navsari Gujarat Navsari 396445
35	Rajkot	Gujarat	Kfin Technologies Ltd 302 Metro Plaza Near Moti Tanki Chowk Rajkot Rajkot Gujarat 360001
36	Surat	Gujarat	Kfin Technologies Ltd Ground Floor Empire State Building Near Udhna Darwaja Ring Road Surat 395002
37	Valsad	Gujarat	Kfin Technologies Ltd 406 Dreamland Arcade Opp Jade Blue Tithal Road Valsad 396001
38	Vapi	Gujarat	Kfin Technologies Ltd A-8 Second Floor Solitaire Business Centre Opp Dcb Bank Gidc Char Rasta Silvassa Road Vapi 396191
39	Ambala	Haryana	Kfin Technologies Ltd 6349 2Nd Floor Nicholson Road Adjacent Kos Hospital Ambala Cant Ambala 133001
40	Faridabad	Haryana	Kfin Technologies Ltd A-2B 2Nd Floor Neelam Bata Road Peer Ki Mazar Nehru Groundnit Faridabad 121001
41	Gurgaon	Haryana	Kfin Technologies Ltd No: 212A 2Nd Floor Vipul Agora M. G. Road - Gurgaon 122001
42	Hissar	Haryana	Kfin Technologies Ltd Shop No. 20 Ground Floor R D City Centre Railway Road Hissar 125001
43	Panipat	Haryana	Kfin Technologies Ltd Shop No. 20 1St Floor Bmk Market Behind Hive Hotel G.T.Road Panipat-132103 Haryana
44	Rohtak	Haryana	Kfin Technologies Ltd Office No:- 61 First Floor Ashoka Plaza Delhi Road Rohtak 124001.
45	Sonepat	Haryana	Kfin Technologies Ltd Shop No. 205 Pp Tower Opp Income Tax Office Subhash Chowk Sonepat. 131001.
46	Yamuna Nagar	Haryana	Kfin Technologies Ltd B-V 185/A 2Nd Floor Jagadri Road Near Dav Girls College (Uco Bank Building) Pyara Chowk - Yamuna Nagar 135001
47	Karnal	Haryana	Kfin Technologies Ltd 3 Randhir Colony Near Doctor J.C.Bathla Hospital Karnal ( Haryana ) 132001
48	Mandi	Himachal Pradesh	Kfin Technologies Ltd House No. 99/11 3Rd Floor Opposite Gss Boy School School Bazar Mandi 175001
49	Shimla	Himachal Pradesh	Kfin Technologies Ltd 1St Floor Hills View Complex Near Tara Hall Shimla 171001

Sr. No.	Branch Name*	State	Consolidated Current Address
50	Solan	Himachal Pradesh	Kfin Technologies Ltd Disha Complex 1St Floor Above Axis Bank Rajgarh Road Solan 173212
51	Jammu	Jammu & Kashmir	Kfin Technologies.Ltd 1D/D Extension 2 Valmiki Chowk Gandhi Nagar Jammu 180004 State - J&K
52	Bokaro	Jharkhand	Kfin Technologies Ltd City Centre Plot No. He-07 Sector-Iv Bokaro Steel City Bokaro 827004
53	Dhanbad	Jharkhand	Kfin Technologies Ltd 208 New Market 2Nd Floor Bank More - Dhanbad 826001
54	Jamshedpur	Jharkhand	Kfin Technologies Ltd Madhukunj 3Rd Floor Q Road Sakchi Bistupur East Singhbhum Jamshedpur 831001
55	Ranchi	Jharkhand	Kfin Technologies Ltd Room no 103, 1st Floor, Commerce Tower,Beside Mahabir Tower,Main Road, Ranchi -834001
56	Bangalore	Karnataka	Kfin Technologies Ltd No 35 Puttanna Road Basavanagudi Bangalore 560004
57	Belgaum	Karnataka	Kfin Technologies Ltd Premises No.101 Cts No.1893 Shree Guru Darshani Tower Anandwadi Hindwadi Belgaum 590011
58	Bellary	Karnataka	Kfin Technologies Ltd Ground Floor 3Rd Office Near Womens College Road Beside Amruth Diagnostic Shanthi Archade Bellary 583103
59	Davangere	Karnataka	Kfin Technologies Ltd D.No 162/6 1St Floor 3Rd Main P J Extension Davangere Taluk Davangere Manda Davangere 577002
60	Gulbarga	Karnataka	Kfin Technologies Ltd H No 2-231 Krishna Complex 2Nd Floor Opp. Opp. Municipal Corporation Office Jagat Station Main Road Kalaburagi Gulbarga 585105
61	Hassan	Karnataka	Kfin Technologies Ltd Sas No: 490 Hemadri Arcade 2Nd Main Road Salgame Road Near Brahmins Boys Hostel Hassan 573201
62	Hubli	Karnataka	Kfin Technologies Ltd R R Mahalaxmi Mansion Above Indusind Bank 2Nd Floor Desai Cross Pinto Road Hubballi 580029
63	Mangalore	Karnataka	Kfin Technologies Ltd Shop No - 305 Marian Paradise Plaza 3Rd Floor Bunts Hostel Road Mangalore - 575003 Dakshina Kannada Karnataka
64	Mysore	Karnataka	Kfin Technologies Ltd No 2924 2Nd Floor 1St Main 5Th Cross Saraswathi Puram Mysore 570009
65	Shimoga	Karnataka	Kfin Technologies Ltd Jayarama Nilaya 2Nd Corss Mission Compound Shimoga 577201
66	Calicut	Kerala	Kfin Technologies Ltd Second Floor Manimuriyil Centre Bank Road Kasaba Village Calicut 673001
67	Cochin	Kerala	Kfin Technologies Ltd Door No:61/2784 Second floor Sreelakshmi Tower Chittoor Road, Ravipuram Ernakulam-Kerala-682015
68	Kannur	Kerala	Kfin Technologies Ltd 2Nd Floor Global Village Bank Road Kannur 670001
69	Kollam	Kerala	Kfin Technologies Ltd Sree Vigneswara Bhavan Shastri Junction Kollam - 691001

Sr. No.	Branch Name*	State	Consolidated Current Address
70	Kottayam	Kerala	Kfin Technologies Ltd 1St Floor Csiascension Square Railway Station Road Collectorate P O Kottayam 686002
71	Palghat	Kerala	Kfin Technologies Ltd No: 20 & 21 Metro Complex H.P.O.Road Palakkad H.P.O.Road Palakkad 678001
72	Tiruvalla	Kerala	Kfin Technologies Ltd 2Nd Floorerinjery Complex Ramanchira Opp Axis Bank Thiruvalla 689107
73	Trichur	Kerala	Kfin Technologies Ltd 4Th Floor Crown Tower Shakthan Nagar Opp. Head Post Office Thrissur 680001
74	Trivandrum	Kerala	Kfin Technologies Ltd 1St Floor Marvel Building Opp SI Electricals Uppalam Road Statue Po Trivandrum 695001
75	Bhopal	Madhya Pradesh	Kfin Technologies Ltd Sf-13 Gurukripa Plaza Plot No. 48A Opposite City Hospital Zone-2 M P Nagar Bhopal 462011
76	Indore	Madhya Pradesh	Kfin Technologies Ltd. 101 Diamond Trade Center 3-4 Diamond Colony New Palasia Above Khurana Bakery Indore
77	Jabalpur	Madhya Pradesh	Kfin Technologies Ltd 2Nd Floor 290/1 (615-New) Near Bhavartal Garden Jabalpur - 482001
78	Sagar	Madhya Pradesh	Kfin Technologies Ltd Ii Floor Above Shiva Kanch Mandir. 5 Civil Lines Sagar Sagar 470002
79	Ujjain	Madhya Pradesh	Kfin Technologies Ltd Heritage Shop No. 227 87 Vishvavidhyalaya Marg Station Road Near Icici Bank Above Vishal Megha Mart Ujjain 456001
80	Gwalior	Madhya Pradesh	Kfin Technologies Ltd City Centre Near Axis Bank - Gwalior 474011
81	Morena	Madhya Pradesh	Kfin Technologies Ltd House No. Hig 959 Near Court Front Of Dr. Lal Lab Old Housing Board Colony Morena 476001
82	Rewa	Madhya Pradesh	Kfin Technologies Ltd Shop No. 2 Shree Sai Anmol Complex Ground Floor Opp Teerth Memorial Hospital Rewa 486001
83	Satna	Madhya Pradesh	Kfin Technologies Ltd 1St Floor Gopal Complex Near Bus Stand Rewa Roa Satna 485001
84	Shivpuri	Madhya Pradesh	Kfin Technologies Ltd A. B. Road In Front Of Sawarkar Park Near Hotel Vanasthali Shivpuri 473551
85	Nanded	Maharashtra	Kfin Technologies Ltd Shop No.4 Santakripa Market G G Road Opp.Bank Of India Nanded 431601
86	Solapur	Maharashtra	Kfin Technologies Ltd Shop No 106. Krishna Complex 477 Dakshin Kasaba Datta Chowk Solapur-413007
87	Akola	Maharashtra	Kfin Technologies Ltd Shop No 25 Ground Floor Yamuna Tarang Complex Murtizapur Road N.H. No- 6 Opp Radhakrishna Talkies Akola 444001 Maharashtra
88	Amaravathi	Maharashtra	Kfin Technologies Ltd Shop No. 21 2Nd Floor Gulshan Tower Near Panchsheel Talkies Jaistambh Square Amaravathi 444601
89	Aurangabad	Maharashtra	Kfin Technologies Ltd Shop No B 38 Motiwala Trade Center Nirala Bazar Aurangabad 431001
90	Dhule	Maharashtra	Kfin Technologies Ltd Ground Floor Ideal Laundry Lane No 4 Khol Galli Near Muthoot Finance Opp Bhavasara General Store Dhule 424001
91	Jalgaon	Maharashtra	Kfin Technologies Ltd 3Rd Floor 269 Jaee Plaza Baliram Peth Near Kishore Agencies Jalgaon 425001

Sr. No.	Branch Name*	State	Consolidated Current Address
92	Nagpur	Maharashtra	Kfin Technologies Ltd Plot No. 2 Block No. B / 1 & 2 Shree Apratment Khare Town Mata Mandir Road Dharampeth Nagpur 440010
93	Nasik	Maharashtra	Kfin Technologies Ltd S-9 Second Floor Suyojit Sankul Sharanpur Road Nasik 422002
94	Kolhapur	Maharashtra	Kfin Technologies Ltd 605/1/4 E Ward Shahupuri 2Nd Lane Laxmi Niwas Near Sultane Chambers Kolhapur 416001
95	Mumbai	Maharashtra	Kfin Technologies Ltd 6/8 Ground Floor Crossley House Near Bse ( Bombay Stock Exchange)Next Union Bank Fort Mumbai - 400 001
96	Pune	Maharashtra	Kfin Technologies Ltd Office # 207-210 Second Floor Kamla Arcade Jm Road. Opposite Balgandharva Shivaji Nagar Pune 411005
97	Vashi	Maharashtra	Kfin Technologies Ltd Vashi Plaza Shop No. 324 C Wing 1St Floor Sector 17 Vashi Mumbai 400705
98	Vile Parle	Maharashtra	Kfin Technologies Ltd Shop No.1 Ground Floor Dipti Jyothi Co-Operative Housing Society Near Mtnl Office P M Road Vile Parle East 400057
99	Borivali	Maharashtra	Kfin Technologies Ltd Gomati Smutiground Floor Jambli Gully Near Railway Station Borivali Mumbai 400 092
100	Thane	Maharashtra	Kfin Technologies Ltd Room No. 302 3Rd Floorganga Prasad Near Rbl Bank Ltd Ram Maruti Cross Roadnaupada Thane West Mumbai 400602
101	Shillong	Meghalaya	Kfin Technologies Ltd Annex Mani Bhawan Lower Thana Road Near R K M Lp School Shillong 793001
102	New Delhi	New Delhi	Kfin Technologies Ltd 305 New Delhi House 27 Barakhamba Road - New Delhi 110001
103	Balasore	Orissa	Kfin Technologies Ltd 1-B. 1St Floor Kalinga Hotel Lane Baleshwar Baleshwar Sadar Balasore 756001
104	Berhampur (Or)	Orissa	Kfin Technologies Ltd Opp Divya Nandan Kalyan Mandap 3Rd Lane Dharam Nagar Near Lohiya Motor Berhampur (Or) 760001
105	Bhubaneswar	Orissa	Kfin Technologies Ltd A/181 Back Side Of Shivam Honda Show Room Saheed Nagar - Bhubaneswar 751007
106	Cuttack	Orissa	Kfin Technologies Ltd Shop No-45 2Nd Floor Netaji Subas Bose Arcade (Big Bazar Building) Adjusent To Reliance Trends Dargha Bazar Cuttack 753001
107	Rourkela	Orissa	Kfin Technologies Ltd 2Nd Floor Main Road Udit Nagar Sundargarh Rourekla 769012
108	Sambalpur	Orissa	Kfin Technologies Ltd First Floor; Shop No. 219 Sahej Plaza Golebazar; Sambalpur Sambalpur 768001
109	Pondicherry	Pondicherry	Kfin Technologies Ltd No 122(10B) Muthumariamman Koil Street - Pondicherry 605001
110	Amritsar	Punjab	Kfin Technologies Ltd Sco 5 2Nd Floor District Shopping Complex Ranjit Avenue Amritsar 143001
111	Bhatinda	Punjab	Kfin Technologies Ltd Mcb -Z-3-01043 2 Floor Goniana Road Opporite Nippon India Mf Gt Road Near Hanuman Chowk Bhatinda 151001
112	Ferozpur	Punjab	Kfin Technologies Ltd The Mall Road Chawla Bulding Ist Floor Opp. Centrail Jail Near Hanuman Mandir Ferozepur 152002

Sr. No.	Branch Name*	State	Consolidated Current Address
113	Hoshiarpur	Punjab	Kfin Technologies Ltd Unit # Sf-6 The Mall Complex 2Nd Floor Opposite Kapila Hospital Sutheri Road Hoshiarpur 146001
114	Jalandhar	Punjab	Kfin Technologies Ltd Office No 7 3Rd Floor City Square Building E-H197 Civil Line Next To Kalyan Jewellers Jalandhar 144001
115	Ludhiana	Punjab	Kfin Technologies Ltd Sco 122 Second Floor Above Hdfc Mutual Fun Feroze Gandhi Market Ludhiana 141001
116	Moga	Punjab	Kfin Technologies Ltd 1St Floordutt Road Mandir Wali Gali Civil Lines Barat Ghar Moga 142001
117	Pathankot	Punjab	Kfin Technologies Ltd 2Nd Floor Sahni Arcade Complex Adj.Indra Colony Gate Railway Road Pathankot Pathankot 145001
118	Patiala	Punjab	Kfin Technologies Ltd B- 17/423 Lower Mall Patiala Opp Modi College Patiala 147001
119	Ajmer	Rajasthan	Kfin Technologies Ltd 302 3Rd Floor Ajmer Auto Building Opposite City Power House Jaipur Road; Ajmer 305001
120	Alwar	Rajasthan	Kfin Technologies Ltd Office Number 137 First Floor Jai Complex Road No-2 Alwar 301001
121	Bhilwara	Rajasthan	Kfin Technologies Ltd Office No. 14 B Prem Bhawan Pur Road Gandhi Nagar Near Canarabank Bhilwara 311001
122	Bikaner	Rajasthan	Kfin Technologies Ltd 70-71 2Nd Floor   Dr.Chahar Building Panchsati Circle Sadul Ganj Bikaner 334003
123	Jaipur	Rajasthan	Kfin Technologies Ltd Office No 101 1St Floor Okay Plus Tower Next To Kalyan Jewellers Government Hostel Circle Ajmer Road Jaipur 302001
124	Jodhpur	Rajasthan	Kfin Technologies Ltd Shop No. 6 Gang Tower G Floor Opposite Arora Moter Service Centre Near Bombay Moter Circle Jodhpur 342003
125	Kota	Rajasthan	Kfin Technologies Ltd D-8 Shri Ram Complex Opposite Multi Purpose School Gumanpur Kota 324007
126	Sikar	Rajasthan	Kfin Technologies Ltd First Floorsuper Tower Behind Ram Mandir Near Taparya Bagichi - Sikar 332001
127	Sri Ganganagar	Rajasthan	Kfin Technologies Ltd Address Shop No. 5 Opposite Bihani Petrol Pump Nh - 15 Near Baba Ramdev Mandir Sri Ganganagar 335001
128	Udaipur	Rajasthan	Kfin Technologies Ltd Shop No. 202 2Nd Floor Business Centre 1C Madhuvan Opp G P O Chetak Circle Udaipur 313001
129	Chennai	Tamil Nadu	Kfin Technologies Ltd 9Th Floor Capital Towers 180 Kodambakkam High Road Nungambakkam   Chennai – 600 034
130	Coimbatore	Tamil Nadu	Kfin Technologies Ltd 3Rd Floor Jaya Enclave 1057 Avinashi Road - Coimbatore 641018
131	Erode	Tamil Nadu	Kfin Technologies Ltd Address No 38/1 Ground Floor Sathy Road (Vctv Main Road) Sorna Krishna Complex Erode 638003
132	Karur	Tamil Nadu	Kfin Technologies Ltd No 88/11 Bb Plaza Nrmp Street K S Mess Back Side Karur 639002

Sr. No.	Branch Name*	State	Consolidated Current Address
133	Madurai	Tamil Nadu	Kfin Technologies Ltd No. G-16/17 Ar Plaza 1St Floor North Veli Street Madurai 625001
134	Nagercoil	Tamil Nadu	Kfin Technologies Ltd Hno 45 1St Floor East Car Street Nagercoil 629001
135	Salem	Tamil Nadu	Kfin Technologies Ltd No.6 Ns Complex Omalur Main Road Salem 636009
136	Tirunelveli	Tamil Nadu	Kfin Technologies Ltd 55/18 Jeney Building 2Nd Floor S N Road Near Aravind Eye Hospital Tirunelveli 627001
137	Trichy	Tamil Nadu	Kfin Technologies Ltd No 23C/1 E V R Road Near Vekkaiammam Kalyana Mandapam Putthur - Trichy 620017
138	Tuticorin	Tamil Nadu	Kfin Technologies Ltd 4 - B A34 - A37 Mangalmal Mani Nagar Opp. Rajaji Park Palayamkottai Road Tuticorin 628003
139	Vellore	Tamil Nadu	Kfin Technologies Ltd No 2/19 1St Floor Vellore City Centre Anna Salai Vellore 632001
140	Hyderabad	Telangana	Kfin Technologies Ltd No:303 Vamsee Estates Opp: Bigbazaar Ameerpet Hyderabad 500016
141	Karimnagar	Telangana	Kfin Technologies Ltd 2Nd Shutterhno. 7-2-607 Sri Matha Complex Mankammathota - Karimnagar 505001
142	Warangal	Telangana	Kfin Technologies Ltd Shop No22 Ground Floor Warangal City Center 15-1-237 Mulugu Road Junction Warangal 506002
143	Khammam	Telangana	Kfin Technologies Ltd 11-4-3/3 Shop No. S-9 1St Floor Srivenkata Sairam Arcade Old Cpi Office Near Priyadarshini Collegenehr Nagar Khammam 507002
144	Hyderabad (Gachibowli)	Telangana	Kfin Technologies Ltd Selenium Plot No: 31 & 32 Tower B Survey No.115/22 115/24 115/25 Financial District Gachibowli Nanakramguda Serilingampally Mandal Hyderabad 500032
145	Agartala	Tripura	Kfin Technologies Ltd Ols Rms Chowmuhan Mantri Bari Road 1St Floor Near Jana Sevak Saloon Building Traffic Point Tripura West Agartala 799001
146	Chandigarh	Union Territory	Kfin Technologies Ltd First Floor Sco 2469-70 Sec. 22-C - Chandigarh 160022
147	Agra	Uttar Pradesh	Kfin Technologies Ltd House No. 17/2/4 2Nd Floor Deepak Wasan Plaza Behind Hotel Holiday Inn Sanjay Place Agra 282002
148	Aligarh	Uttar Pradesh	Kfin Technologies Ltd 1St Floor Sevti Complex Near Jain Temple Samad Road Aligarh-202001
149	Allahabad	Uttar Pradesh	Kfin Technologies Ltd Meena Bazar 2Nd Floor 10 S.P. Marg Civil Lines Subhash Chauraha Prayagraj Allahabad 211001
150	Azamgarh	Uttar Pradesh	Kfin Technologies Ltd House No. 290 Ground Floor Civil Lines Near Sahara Office - Azamgarh 276001
151	Bareilly	Uttar Pradesh	Kfin Technologies Ltd 1St Floorrear Sidea -Square Building 54-Civil Lines Ayub Khan Chauraha Bareilly 243001
152	Deoria	Uttar Pradesh	Kfin Technologies Ltd K. K. Plaza Above Apurwa Sweets Civil Lines Road Deoria 274001
153	Ghaziabad	Uttar Pradesh	Kfin Technologies Ltd Ff - 31 Konark Building Rajnagar - Ghaziabad 201001

Sr. No.	Branch Name*	State	Consolidated Current Address
154	Ghazipur	Uttar Pradesh	Kfin Technologies Ltd House No. 148/19 Mahua Bagh Raini Katra- Ghazipur 233001
155	Gonda	Uttar Pradesh	Kfin Technologies Ltd H No 782 Shiv Sadan Iti Road Near Raghukul Vidyapeeth Civil Lines Gonda 271001
156	Gorakhpur	Uttar Pradesh	Kfin Technologies Ltd Shop No 8 & 9 4Th Floor Cross Road The Mall Bank Road Gorakhpur - 273001
157	Jhansi	Uttar Pradesh	Kfin Technologies Ltd 1St Floor Puja Tower Near 48 Chambers Elite Crossing Jhansi 284001
158	Kanpur	Uttar Pradesh	Kfin Technologies Ltd 15/46 B Ground Floor Opp : Muir Mills Civil Lines Kanpur 208001
159	Lucknow	Uttar Pradesh	Kfin Technologies Ltd 1st Floor A. A. Complex 5 Park Road Hazratganj Thaper House Lucknow 226001
160	Mathura	Uttar Pradesh	Kfin Technologies Ltd Shop No. 9 Ground Floor Vihari Lal Plaza Opposite Brijwasi Centrum Near New Bus Stand Mathura 281001
161	Meerut	Uttar Pradesh	Kfin Technologies Ltd Shop No:- 111 First Floor Shivam Plaza Near Canara Bank Opposite Eves Petrol Pump Meerut-250001 Uttar Pradesh India
162	Mirzapur	Uttar Pradesh	Kfin Technologies Ltd Triveni Campus Near Sbi Life Ratanganj Mirzapur 231001
163	Moradabad	Uttar Pradesh	Kfin Technologies Ltd Chadha Complex G. M. D. Road Near Tadi Khana Chowk Moradabad 244001
164	Noida	Uttar Pradesh	Kfin Technologies Ltd F-21 2Nd Floor Near Kalyan Jewelers Sector-18 Noida 201301
165	Renukoot	Uttar Pradesh	Kfin Technologies Ltd C/O Mallick Medical Store Bangali Katra Main Road Dist. Sonebhadra (U.P.) Renukoot 231217
166	Sitapur	Uttar Pradesh	Kfin Technologies Ltd 12/12 Surya Complex Station Road Uttar Pradesh Sitapur 261001
167	Sultanpur	Uttar Pradesh	Kfin Technologies Ltd 1St Floor Ramashanker Market Civil Line - Sultanpur 228001
168	Varanasi	Uttar Pradesh	Kfin Technologies Ltd D-64/132 Ka 2Nd Floor Anant Complex Sigra Varanasi 221010
169	Dehradun	Uttaranchal	Kfin Technologies Ltd Shop No-809/799 Street No-2 A Rajendra Nagar Near Sheesha Lounge Kaulagarh Road Dehradun-248001
170	Haldwani	Uttaranchal	Kfin Technologies Ltd Shoop No 5 Kmvn Shoping Complex - Haldwani 263139
171	Haridwar	Uttaranchal	Kfin Technologies Ltd Shop No. - 17 Bhatia Complex Near Jamuna Palace Haridwar 249410
172	Roorkee	Uttaranchal	Kfin Technologies Ltd Shree Ashadeep Complex 16 Civil Lines Near Income Tax Office Roorkee 247667
173	Asansol	West Bengal	Kfin Technologies Ltd 112/N G. T. Road Bhanga Pachil G.T Road Asansol Pin: 713 303; Paschim Bardhaman West Bengal Asansol 713303
174	Bankura	West Bengal	Kfin Technologies Ltd Plot Nos- 80/1/Anatunchati Mahalla 3Rd Floor Ward No-24 Opposite P.C Chandra Bankura Town Bankura 722101

Sr. No.	Branch Name*	State	Consolidated Current Address
175	Burdwan	West Bengal	Kfin Technologies Ltd Saluja Complex; 846 Laxmipur G T Road Burdwan; Ps: Burdwan & Dist: Burdwan-East Pin: 713101
176	Chinsura	West Bengal	Kfin Technologies Ltd No : 96 Po: Chinsurah Doctors Lane Chinsurah 712101
177	Durgapur	West Bengal	Kfin Technologies Ltd Mwav-16 Bengal Ambuja 2Nd Floor City Centre Distt. Burdwan Durgapur-16 Durgapur 713216
178	Jalpaiguri	West Bengal	Kfin Technologies Ltd D B C Road Opp Nirala Hotel Opp Nirala Hotel Opp Nirala Hotel Jalpaiguri 735101
179	Kharagpur	West Bengal	Kfin Technologies Ltd Holding No 254/220 Sbi Building Malancha Road Ward No.16 Po: Kharagpur Ps: Kharagpur Dist: Paschim Medinipur Kharagpur 721304
180	Kolkata	West Bengal	Kfin Technologies Ltd 2/1 Russel Street 4Thfloor Kankaria Centre Kolkata 70001 Wb
181	Malda	West Bengal	Kfin Technologies Ltd Ram Krishna Pally; Ground Floor English Bazar - Malda 732101
182	Siliguri	West Bengal	Kfin Technologies Ltd Nanak Complex 2Nd Floor Sevoke Road - Siliguri 734001

\*Visit the link [www.kfintech.com](http://www.kfintech.com) to view the complete details of designated collection centres / Investor Service centres of KFin Technologies Limited.

#### MF CENTRAL

AS OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR TRANSACTIONS As per SEBI circular no SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/604 dated July 26, 2021, Kfin Technologies Private Limited ("Kfintech") and Computer Age Management Services Limited ("CAMS") have jointly developed MF Central - A digital platform for transactions/ service requests by Mutual Fund investors. Accordingly, MF Central will be considered as an Official Point of Acceptance (OPA) for transactions in the Scheme.

#### MF UTILITY ("MFU")

POINTS OF SERVICE ("POS") OF MF UTILITIES INDIA PRIVATE LIMITED ('MFUI') AS OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR TRANSACTIONS THROUGH MFUTILITY ("MFU") Both financial and non-financial transactions pertaining to scheme(s) of Bajaj Finserv Mutual Fund can be done through MFU at the authorized POS of MFUI. The details of POS published on MFU website at [www.mfuindia.com](http://www.mfuindia.com) will be considered as Official Point of Acceptance (OPA) for transactions in the Scheme.